



Rupali

RUPALI POLYESTER LIMITED

Quarterly Accounts (Un-audited)

for the 3rd Quarter ended
31 March 2024

Corporate Data

Board of Directors

Chairman
Shehzad Feerasta

Chief Executive Officer
Nooruddin Feerasta

Directors

Muhammad Rashid Zahir - Non-Executive
Zeeshan Feerasta - Non-Executive
Shahid Hameed - Independent Non-Executive

Amyna Feerasta - Non-Executive
Yaseen M. Sayani - Independent Non-Executive
Abdul Hayee - Non-Executive

Audit Committee

Yaseen M. Sayani - Chairman
Zeeshan Feerasta - Member

Muhammad Rashid Zahir - Member

Human Resource & Remuneration Committee

Shahid Hameed – Chairman
Zeeshan Feerasta - Member

Nooruddin Feerasta - Member

Chief Financial Officer

Muhammad Ahsan Iqbal

Company Secretary

S. Ghulam Shabbir Gilani

Bankers

Askari Bank Limited
Faysal Bank Limited
Habib Metropolitan Bank Limited
Meezan Bank Limited

Bank Alfalah Limited
Habib Bank Limited
MCB Bank Limited
Soneri Bank Limited
The Bank of Punjab

Auditors

RSM Avais Hyder Liaquat Nauman
Chartered Accountants

Registered Office

Rupali House, 241-242 Upper Mall Scheme,
Anand Road, Lahore - 54000 PAKISTAN

Plant

30.2 Kilometer Lahore - Sheikhpura Road
Sheikhpura - 39350 PAKISTAN

Directors' Review

We are pleased to present the Company's un-audited financial statements for the third quarter and nine-months period ended 31 March 2024.

Overview

The past nine months (July 2023 to March 2024) have been a period of significant hardship. Our industry continues to face economic headwinds and uncertainty, creating a volatile operating environment. This instability, coupled with unprecedented inflation and an influx of imported goods at dumped prices, has severely impacted demand from our customers.

Despite these challenges, the Company has demonstrated remarkable resilience. Through strategic planning and operational adaptability, we sailed through this difficult period. While rising costs of raw materials (PTA & MEG), a weakening Pakistani rupee, and skyrocketing energy expenses have squeezed margins, we have been able to adjust our selling prices accordingly, maintaining our gross profits. However, lower sales volumes and the need for significant markups at around 23% have unfortunately resulted in net losses.

Tough Times for Polyester Market

In the first nine months of FY 2023-24, the overall economic situation in the country led to weak demand from our downstream consumers. This sluggish demand was further compounded by tight liquidity conditions, squeezing buying power of businesses and making it difficult to access financing.

Energy Costs Crimp Exports

Previously, export-oriented businesses had a competitive advantage with access to both the national grid and affordable gas for power generation. This policy, known as Regionally Competitive Energy Tariffs (RCET), helped keep production costs down. Unfortunately, the government's decision to scrap RCET benefits and significantly raise in power tariffs has made domestic manufacturing extremely less competitive internationally. This unexpected shift threatens the export potential of the nation and is a major blow to exporters' ability to compete in the global market.

Financial Results

While we raised prices of Polyester Staple Fiber (PSF) and Polyester Filament Yarn (PFY) to counter rising manufacturing and operating costs, overall sales revenue for the nine-month period ending March 31, 2024, unfortunately declined due to a decrease in sales volume. The price increase helped us offset these cost pressures and achieve gross profits; a significant improvement compared to the gross losses incurred in the same period last year.

Increased reliance on working capital loans, coupled with a significant rise in interest rates (6.90% increase in effective mark-up rates), led to a substantial jump in finance costs, reaching Rs. 469.42 million compared to Rs. 228.99 million in the corresponding period of previous year.

As a result of these factors, the Company's pre-tax losses increased to Rs. 639.16 million from Rs. 528.97 million in the corresponding period last year. Similarly, the after-tax loss also grew, reaching Rs. 650.22 million compared to Rs. 501.64 million in the previous period.

Earnings per share

During the nine-months ended March 31, 2024, the Company incurred a loss of Rs. 19.09 per share, compared to loss of Rs. 14.72 per share reported in the corresponding period ending March 31, 2023.

Future Outlook

A Glimmer of Hope: The government's efforts to address foreign exchange shortages are expected to boost economic activity across the country, which is good news for the polyester industry. Forecasts predict a rise in demand for both Polyester Staple Fiber (PSF) and Polyester Filament Yarn (PFY) in the coming years.

Dumping Still a Thorn: However, the influx of unfairly priced cheap imported products, known as dumped imports, continues to be a significant obstacle for local manufacturers.

Investing in the Future: With previous governments assurances to support domestic production, we have already taken proactive steps by installing advanced new machinery to expand our production capacity. However, practically there is no protection to the local industry against dumping, thus hindering future investment plans.

Long-Term Stability Needed: For sustained investment and expansion, the government needs to implement long-term economic and energy policies that provide stability and safeguard the interests of the polyester industry.

Import Substitution Opportunity: The PFY & PSF sector can be a crucial player in import substitution, reducing the substantial foreign exchange drain caused by dumped imports. This would benefit both the industry and the national economy.

A Note of Gratitude

The Board of Directors extends its sincere gratitude to our valued partners, including the Ministries of Finance, Industries and Production, Commerce, Communication and Information Technology, and Textile Industry. Their collaboration has been instrumental in our progress. We also acknowledge the vital support received from the Federal Board of Revenue, Departments of Customs and Central Excise, and the Government of Punjab.

We are thankful for the continued cooperation and trust from Development Financial Institutions and Commercial Banks.

To our esteemed customers, we express our appreciation and look forward to strengthening our business relationships. Finally, we extend our heartfelt gratitude to all our stakeholders for their unwavering confidence in the Company. We deeply value your trust and recognize the dedication of our management and staff, whose hard work is the cornerstone of our success.

On behalf of the Board



Nooruddin Feerasta
Chief Executive Officer



Shehzad Feerasta
Director

Lahore
26 April 2024

فیحص آمدنی

31 مارچ 2024 کو ختم ہونے والی نو ماہی کے دوران کمپنی کو 19.09 روپے فی حصص کا نمبرہ ہوا جو 31 مارچ 2023 کو ختم ہونے والی اسی مدت میں 14.72 روپے فی حصص تھا۔

مستقبل کا جائزہ

امید کی کرن: غیر ملکی زرمبادلہ کی کمی کو دور کرنے کے لیے حکومت کی کوششوں سے ملک بھر میں اقتصادی سرگرمیوں کو فروغ ملنے کی امید ہے، جو پولیسٹرانڈسٹری کے لیے اچھی خبر ہے۔ حالات آنے والے سالوں میں PSF اور PFY دونوں کی مانگ میں اضافے کی پیش گوئی کرتے ہیں۔

ڈپنگ آج بھی باعث تکلیف: غیر منصفانہ طور پر سستی درآمدی مصنوعات کی آمد، جسے ڈمپڈ ایپورٹس کہا جاتا ہے، مقامی مینوفیکچررز کے لیے ایک اہم رکاوٹ بنی ہوئی ہے۔

مستقبل میں سرمایہ کاری: پچھلی حکومتوں کی طرف سے ملکی پیداوار کو تحفظ دینے کی یقین دہانیوں کے ساتھ، ہم نے اپنی پیداواری صلاحیت کو بڑھانے کے لیے جدید نئی مشینری نصب کر کے پہلے ہی فعال اقدامات کیے ہیں۔ تاہم، عملی طور پر مقامی صنعت کو ڈپنگ کے خلاف کوئی تحفظ نہیں ہے، اس طرح مستقبل میں سرمایہ کاری کے منصوبوں میں رکاوٹ ہے۔

طویل مدتی استحکام کی ضرورت: پائیدار سرمایہ کاری اور توسیع کے لیے، حکومت کو طویل مدتی اقتصادی پالیسیوں پر عمل درآمد کرنے کی ضرورت ہے جو استحکام فراہم کرتی ہیں اور پولیسٹر صنعت کے مفادات کا تحفظ کرتی ہیں۔

ایپورٹ متبادل کا موقع: بی ایف وائی اور پی ایس ایف سیکٹر درآمدات کے متبادل کا ایک اہم ذریعہ ثابت ہو سکتے ہیں، جس سے ڈمپ شدہ درآمدات پر خاطر خواہ ملکی زرمبادلہ کو کم کیا جاسکتا ہے۔ اس سے صنعت اور قومی معیشت دونوں کو فائدہ ہوگا۔

اظہار تشکر

بورڈ آف ڈائریکٹرز خزانہ، صنعت اور پیداوار، تجارت، مواصلات اور انفارمیشن ٹیکنالوجی اور ٹیکسٹائل انڈسٹری کی جانب سے فراہم کردہ تعاون پر اظہار تشکر کرتے ہیں۔ ہم فیڈرل بورڈ آف ریونیو، محکمہ کسٹمز اور سنٹرل ایکسائز اور حکومت پنجاب کی جانب سے ملنے والے تعاون کو بھی سراہتے ہیں۔ ہم ترقیاتی مالیاتی اداروں اور کمرشل بینکوں کی جانب سے فراہم کردہ تعاون اور اعتماد کے شکر گزار ہیں۔ ہماری تعریف ہمارے معزز گاہکوں تک پھیلی ہوئی ہے اور ہم ان کے مضبوط کاروباری تعلقات کو فروغ دینے کی توقع کرتے ہیں۔ ہم کمپنی پر اعتماد کے لئے اپنے اسٹیک ہولڈرز کے شکر گزار ہیں۔ ہم ان کے اعتماد کی بہت قدر کرتے ہیں اور ان کی جاری محنت کے لئے انتظامیہ اور عملے کی لگن کو تسلیم کرتے ہیں۔

منجانب بورڈ آف ڈائریکٹرز:



شہزاد فیروستہ
ڈائریکٹر



نور الدین فیروستہ
ڈائریکٹر

لاہور:

۲۶ اپریل ۲۰۲۳

ڈائریکٹران کا جائزہ

ہمیں 31 مارچ 2024ء ختم ہونے والی تیسری سہ ماہی اور نو ماہی مدت کے لیے کمپنی کے غیر پڑتا ہل شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی ہو رہی ہے۔

مجموعی جائزہ

گزشتہ نو ماہ (جولائی 2023ء سے مارچ 2024ء) کافی مشکلات کا دور رہا ہے۔ ہماری صنعت کو مسلسل معاشی مشکلات اور غیر یقینی صورتحال کا سامنا ہے، جس سے کاروبار کا ایک غیر مستحکم ماحول پیدا ہو رہا ہے۔ اس عدم استحکام نے، فقید المثال افراط زر اور سستے درآمدی سامان کی آمد کے ساتھ، ہمارے صارفین کی مانگ کو شدید متاثر کیا ہے۔

ان چیلنجوں کے باوجود، کمپنی نے قابل ذکر چلکداری کا مظاہرہ کیا ہے۔ بہتر منصوبہ بندی اور آپریشنل موافقت کے ذریعے، ہم نے اس مشکل دور میں سفر کیا۔ خام مال (PTA) اور (MEG) کی بڑھتی ہوئی قیمتوں، پاکستانی روپے کی کمزوری، اور توانائی کے آسمان کو چھوتے اخراجات نے منافع کو کم کر دیا ہے، ہم اپنے خام منافع کو برقرار رکھتے ہوئے، اسی کے مطابق اپنی فروخت کی قیمتوں کو ایڈجسٹ کرنے میں کامیاب رہے ہیں۔ تاہم، فروخت کا کم حجم اور تقریباً 23 فیصد ناقابل برداشت مارک اپ بد قسمتی سے خالص نقصانات کا باعث بنی ہے۔

پولیمر مارکیٹ کے لیے مشکل وقت

مالی سال 2023-24 کے پہلے نو مہینوں میں ملک کی مجموعی اقتصادی صورت حال ہمارے صارفین کی طرف سے مانگ کو کمزور کرنے کا باعث بنی۔ یہ سست طلب سخت لیکویڈیٹی حالات، کاروبار کی قوت خرید کو کم کرنے اور فنانسنگ تک رسائی کو مشکل بنانے کے باعث مزید بڑھ گئی ہے۔

توانائی کی قیمتیں برآمدات کی کمی کا موجب

قبل ازیں برآمدات پر مبنی صنعتیں پہلے تو می گارڈ سے بجلی اور کیمپٹو بجلی کی پیداوار کے لئے گیس / آرائل این جی تک رسائی پر انحصار کرتی تھیں، اور علاقائی مسابقتی توانائی ٹیرف (آر سی ای ٹی) سے فائدہ اٹھاتی تھیں۔ بد قسمتی سے حکومت کے آر سی ای ٹی فوائڈ کو ختم کرنے اور بجلی کے نرخوں میں نمایاں اضافے کے فیصلے نے بین الاقوامی سطح پر گھر کیلومیٹو فیکچرنگ کو انتہائی کم مسابقتی بنا دیا ہے۔ اس غیر متوقع تبدیلی سے برآمدی صلاحیت کو خطرہ لاحق ہے اور یہ برآمد کنندگان کی عالمی منڈی میں مقابلہ کرنے کی صلاحیت کے لیے ایک بڑا دھچکا ہے۔

مالیاتی نتائج

اور پولیمر فلامنٹ یارن (PSF) باوجود اس کے، کہ ہم نے بڑھتی ہوئی مینوفیکچرنگ اور کاروباری لاگت کا مقابلہ کرنے کے لیے پولیمر سٹیبل فائبر کی قیمتیں بڑھائیں۔ بد قسمتی سے 31 مارچ 2024ء کو ختم ہونے والی نو ماہی مدت کے لیے مجموعی فروخت آمدنی فروخت کے حجم میں کمی کی وجہ (PFY) سے کم رہی۔ قیمتوں میں اضافے نے ہمیں لاگت کے دباؤ کو ختم کرنے اور خام منافع حاصل کرنے میں مدد دی اور پچھلے سال کی اسی مدت میں ہونے والے خام نقصانات کے مقابلے میں اس سال نمایاں بہتری آئی۔

کاروبار چلانے کے لیے قرضوں پر انحصار میں اضافہ، سود کی شرحوں میں نمایاں اضافہ (مؤثر مارک اپ شرحوں میں 6.90 فیصد اضافہ) کی وجہ سے مالیاتی اخراجات میں خاطر خواہ اضافہ ہوا، جو پچھلے سال کی اسی مدت میں 228.99 ملین روپے کے مقابلے میں 469.42 ملین روپے تک پہنچ گیا۔

ان عوامل کے نتیجے میں، کمپنی نے قبل از ٹیکس نقصانات پچھلے سال کی اسی مدت میں 528.97 ملین روپے سے بڑھ کر 16.639 ملین روپے ہو گئے اس طرح بعد از ٹیکس نقصان بھی گزشتہ مدت میں 501.64 ملین روپے کے مقابلے میں بڑھ کر 650.22 ملین روپے تک پہنچ گیا۔

Condensed Interim Statement of Financial Position (Un-audited) as at March 31, 2024

(Rupees in '000)	Note	Un-audited March 31, 2024	Audited June 30, 2023
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	7,013,815	7,016,059
Investment properties	5	750,000	750,000
Long term security deposits		4,281	4,281
Deferred tax asset	6	456,762	379,382
		8,224,858	8,149,722
CURRENT ASSETS			
Stores, spares and loose tools		1,291,516	1,178,522
Stock in trade		2,467,919	2,078,450
Trade receivables		14,030	257
Advances, deposits and other receivables		1,122,898	493,424
Other financial assets		-	-
Tax refunds due from government		156,145	168,182
Cash and cash equivalents	7	260,651	35,767
		5,313,159	3,954,602
		13,538,017	12,104,324
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 35,000,000 (30 June 2020: 35,000,000) ordinary shares of Rs.10 each		350,000	350,000
Issued, subscribed and paid-up capital		340,685	340,685
Capital reserves			
Share premium		71,490	71,490
Surplus on revaluation of land		5,697,866	5,697,866
Revenue reserves			
General reserve		1,664,125	1,664,125
Unappropriated profit / (Accumulated loss)		(987,734)	(337,512)
		6,786,432	7,436,654
		6,786,432	7,436,654
NON-CURRENT LIABILITIES			
Long-term borrowings		-	-
Deferred liability - net staff gratuity		302,745	267,853
		302,745	267,853
CURRENT LIABILITIES			
Trade and other payables	8	2,660,475	1,778,978
Short term borrowing	9	3,525,788	2,425,217
Accrued markup on borrowings		167,895	90,855
Provision for taxation - Income tax		90,072	99,874
Unclaimed dividend		4,610	4,893
		6,448,840	4,399,817
CONTINGENCIES AND COMMITMENTS			
	10	13,538,017	12,104,324

The annexed notes form an integral part of these condensed interim financial statements.



Nooruddin Feerasta
Chief Executive Officer



Shehzad Feerasta
Director



Muhammad Ahsan Iqbal
Chief Financial Officer

Condensed Interim Statement of Profit or Loss (Un-audited) for the nine months ended March 31, 2024

(Rupees in'000)	Note	Quarter Ended March 31,		Nine Months Ended March 31,	
		2024	2023	2024	2023
Sales - net		2,486,479	3,247,743	7,860,085	8,135,208
Cost of sales	11	2,484,325	3,170,892	7,823,238	8,310,908
Gross profit / (loss)		2,154	76,851	36,847	(175,700)
Other income		5,496	38,474	44,407	73,909
		7,650	115,325	81,254	(101,791)
Distribution costs		8,300	8,979	23,414	23,413
Administrative expenses		63,871	52,482	200,227	164,265
Finance costs		156,430	92,793	469,421	228,987
Other operating expenses		16,355	10,501	27,355	10,516
		244,955	164,755	720,417	427,181
(Loss) for the period before taxation		(237,306)	(49,430)	(639,163)	(528,972)
Provision for taxation		31,081	40,254	11,059	(27,335)
(Loss) for the period		(268,387)	(89,684)	(650,222)	(501,637)
		Amount in Rupees			
Earnings per share - basic and diluted		(7.88)	(2.63)	(19.09)	(14.72)

The annexed notes form an integral part of these condensed interim financial statements.



Nooruddin Feerasta
Chief Executive Officer



Shehzad Feerasta
Director



Muhammad Ahsan Iqbal
Chief Financial Officer

Condensed Interim Statement of other Comprehensive Income (Un-audited) for the nine months ended March 31, 2024

(Rupees in'000)	Quarter Ended March 31,		Nine Months Ended March 31,	
	2024	2023	2024	2023
(Loss) for the Period	(268,387)	(89,684)	(650,222)	(501,637)
Other Comprehensive Income for the period				
Items that may not be subsequently reclassified to profit or loss	-	-	-	-
Reversal of deferred tax related to staff retirement gratuity	-	-	-	-
Total Comprehensive (loss)/Income for the period	<u>(268,387)</u>	<u>(89,684)</u>	<u>(650,222)</u>	<u>(501,637)</u>

The annexed notes form an integral part of these condensed interim financial statements.



Nooruddin Feerasta
Chief Executive Officer



Shehzad Feerasta
Director



Muhammad Ahsan Iqbal
Chief Financial Officer

Condensed Interim Statement of Cash Flows (Un-audited) for the nine months ended March 31, 2024

(Rupees in'000)	Note	Nine Months Ended March 31,	
		2024	2023
Cash flow from operating activities			
Profit before taxation		(639,163)	(528,972)
Adjustments for non-cash and other items			
Depreciation	5	116,515	108,804
Staff retirement benefits		-	30,595
Loss on disposal of fixed assets		-	16
Interest income		(12,175)	(8,839)
Workers Welfare Fund		-	-
Workers Profit Participation Fund		7,355	-
Finance cost		469,421	228,987
		581,116	359,563
		(58,047)	(169,409)
Effect on cash flow due to working capital changes			
(Increase)/decrease in current assets			
Stores, spares and loose tools		(112,994)	58,171
Stock-in-trade		(389,469)	(254,367)
Trade debts		(13,773)	5,373
Trade deposits and short term prepayments and receivables		(629,474)	(249,244)
		(1,145,710)	(440,067)
Increase / (decrease) in current liabilities			
Trade and other payables		874,143	247,144
Cash generated from operations			
		(329,614)	(362,332)
Finance costs paid		(392,381)	(128,056)
Income tax paid		(86,204)	(107,202)
Long term deposits		-	-
Workers Profit Participation Fund Paid		-	-
Staff retirement benefits paid		34,892	(7,705)
Net cash inflow / (outflow) from operating activities			
		(773,307)	(605,295)
Cash flow from investing activities			
Additions in property, plant and equipment		(114,271)	(257,918)
Mark-up / Interest income received		12,175	8,839
Proceeds from disposal of operating assets		-	-
Net cash outflow from investing activities			
		(102,096)	(249,079)

Condensed Interim Statement of Cash Flows (Un-audited) for the nine months ended March 31, 2024

(Rupees in'000)	Note	Nine Months Ended March 31,	
		2024	2023
Cash flows from financing activities			
Short-term borrowings (paid) / obtained - net		1,100,571	946,676
Repayment of long-term financing		-	-
Dividend Paid		(283)	(168,666)
Net Cash Inflow / (outflow) from Financing Activities		1,100,288	778,010
Net increase / (decrease) in cash and cash equivalents		224,884	(76,364)
Cash and cash equivalents at the beginning of the period		35,767	94,680
Cash and cash equivalents at the end of the period	14	260,651	18,316

The annexed notes form an integral part of these condensed interim financial statements.



Nooruddin Feerasta
Chief Executive Officer



Shehzad Feerasta
Director



Muhammad Ahsan Iqbal
Chief Financial Officer

Condensed Interim Statement of Changes in Equity (Un-audited) for the nine months ended March 31, 2024

(Rupees in '000)

	Capital reserves		Revenue reserves		Total Reserves	Surplus on Revaluation of Freehold Land	Total
	Issued Subscribed and Paid up Capital	Share Premium	General reserve	Accumulated loss			
Balance as on July 01, 2022 Audited (Restated)	340,685	71,490	1,664,125	23,415	2,099,715	5,697,866	7,797,581
Final Dividend for the year ended June 30, 2022				(170,343)	(170,343)	-	(170,343)
Loss for the nine months Ended March 31, 2023				(501,637)	(501,637)	-	(501,637)
Other comprehensive income for the nine months ended March 31, 2023	-	-	-	-	-	-	-
Balance as on March 31, 2023 - (Un-audited)	340,685	71,490	1,664,125	(648,565)	1,427,735	5,697,866	7,125,601
Balance as on April 01, 2023 -(Un-audited)	340,685	71,490	1,664,125	(648,565)	1,427,735	5,697,866	7,125,601
Final Dividend for the year ended June 30, 2023							
Profit for the quarter ended June 30, 2023	-	-	-	311,053	311,053	-	311,053
Other comprehensive loss for the last quarter ended June 30, 2023				-	-	-	-
Balance as on June 30, 2023 -Audited	340,685	71,490	1,664,125	(337,512)	1,738,788	5,697,866	7,436,654
Balance as on July 1, 2023	340,685	71,490	1,664,125	(337,512)	1,738,788	5,697,866	7,436,654
Final Dividend for the year ended June 30, 2023				-	-	-	-
Loss for the nine months ended March 31, 2024				(650,222)	(650,222)	-	(650,222)
Other comprehensive income for the nine months ended March 31, 2024				-	-	-	-
Balance as on March 31, 2024 - (Un-audited)	340,685	71,490	1,664,125	(987,734)	1,088,566	5,697,866	6,786,432

The annexed notes form an integral part of these condensed interim financial statements.



Nooruddin Feerasta
Chief Executive Officer



Shehzad Feerasta
Director



Muhammad Ahsan Iqbal
Chief Financial Officer

Notes to the Condensed Interim Financial Statements (Un-audited) for the nine months ended March 31, 2024

1 Legal status and nature of business

Rupali Polyester Limited (the Company) was incorporated in Pakistan on 24 May 1980 as a Public Limited Company under the repealed Companies Ordinance, 1984 now Companies Act, 2017 and is listed on Pakistan Stock Exchange. The Company is principally engaged in manufacture and sale of polyester products. The registered office is located at 241-242 Upper Mall Scheme, Anand Road, Lahore, in the province of Punjab and regional office is situated at 1st Floor, Gul Tower, I.I Chundrigar Road, Karachi, in the province of Sindh. The manufacturing facility is situated at 30.2 KM Lahore - Sheikhpura Road, Sheikhpura, in the province of Punjab.

2 Basis of preparation

2.1 Statement of compliance

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

- (i) International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by International Accounting Standard Board (IASB) as notified under the Companies Act, 2017;
- (ii) Provisions of or directives issued under the Companies Act, 2017.

In case where the provisions of or directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of or directives issued under the Companies Act, 2017 have been followed.

2.2 These condensed interim financial statements should be read in conjunction with annual audited financial statements of the Company for the year ended June 30, 2023.

3 Summary of Significant Accounting Policies

3.1 The significant accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of annual audited financial statements of the Company for the year ended June 30, 2023.

3.2 There are certain amendments to standards that became effective during the period and are mandatory for accounting periods of the Company beginning on or after July 01, 2023 but are considered not to be relevant to the Company's operations and are, therefore, not disclosed in these condensed interim financial statements.

There are certain new standards, amendments to standards and interpretations that are effective from different future periods but are considered not to be relevant to the Company's operations, therefore, not disclosed in these condensed interim financial statements.

3.3 These condensed interim financial statements are presented in Pakistani Rupees which is the Company's functional and presentation currency.

3.4 Significant accounting estimates and judgments

The preparation of these condensed interim financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including the expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

During the preparation of these condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that were applied in the preparation of annual audited financial statements of the Company for the year ended June 30, 2023.

3.5 Financial risk management

Risk management policies and procedures are consistent with those disclosed in the annual audited financial statements of the Company for the year ended June 30, 2023.

(Rupees in '000)	Note	Un-audited March 31, 2024	Audited June 30, 2023
4 Property, plant and equipment			
Operating fixed assets - at net book value	4.1	6,919,261	6,999,997
Capital work-in-progress - at cost	4.2	78,324	-
Stores held for capital expenditure - at cost		16,230	16,062
		<u>7,013,815</u>	<u>7,016,059</u>
4.1 Operating fixed assets			
Opening net book value (NBV)		6,999,997	6,892,033
Additions/Revaluation at cost during the period / year	4.1.1	35,779	256,121
		7,035,776	7,148,154
Disposals at net book value (NBV) during the period / year	4.1.1	-	(165)
Depreciation charge during the period / year		(116,515)	(147,992)
		<u>(116,515)</u>	<u>(148,157)</u>
		<u>6,919,261</u>	<u>6,999,997</u>

4.1.1 Addition and disposals of operating fixed assets during the period / year are as follows:

(Rupees in'000)	Additions/Revaluation at cost		Disposals - at NBV	
	Quarter Ended March 31,		Nine Months Ended March 31,	
	2024	2023	2024	2023
Freehold land				
Building - Factory on freehold land		6,086	-	-
Building - Office on freehold land	45	-	-	-
Plant and machinery	9,902	74,320	-	-
Furniture and fittings	172	607	-	-
Vehicles	10,166	-	-	-
Office equipment	728	2,211	-	16
Other assets	14,766	476	-	181
	<u>35,779</u>	<u>83,700</u>	<u>-</u>	<u>197</u>

(Rupees in'000)	Un-audited March 31, 2024	Audited June 30, 2023
4.2 Capital work-in-progress		
Building and civil works	-	370
Plant and machinery	77,511	175,958
Furniture and fixture	12	-
Vehicle	100	-
Office equipment	701	-
Other assets	-	-
	<u>78,324</u>	<u>176,328</u>
5 Investment property		
Fair value at the beginning of the period / year	750,000	602,000
Fair value gain during the period / year	-	148,000
Fair value at the end of the period / year	<u>750,000</u>	<u>750,000</u>

5.1 The fair value of the investment property is determined by an independent valuer, M/s Hamid Mukhtar & Co. (Pvt.) Limited on June 30, 2023. There was no significant change in the fair value as at June 30, 2023. The fair value has been determined under 'Fair Value Hierarchy — Level 2' based on the market comparable approach that reflects recent transaction prices for similar properties. Forced sale value of land has been determined at Rs. 637.5 million.

(Rupees in'000)	Note	Un-audited March 31, 2024	Audited June 30, 2023
6 Deferred tax asset			
Opening balance		379,382	252,413
(provision)/reversal through profit and loss		77,380	124,619
provision charged through other comprehensive income		-	2,350
		<u>456,762</u>	<u>379,382</u>
6.1 It comprises of the following:			
Taxable temporary differences in respect of; Difference in accounting and tax bases of property, plant and equipment		(245,037)	(252,262)
Deductible temporary differences in respect of; Provision for gratuity		87,796	77,677
Tax losses carried forward		208,714	102,225
Minimum tax credit u/s 113		405,289	451,742
		<u>456,762</u>	<u>379,382</u>
7 Cash and cash equivalents			
Cash and bank balances		260,651	35,767
		<u>260,651</u>	<u>35,767</u>
8 Trade and other payables			
Trade payables		2,043,525	1,414,191
Accrued liabilities		58,109	160,216
Worker's profit participation fund		68,868	61,492
Worker's welfare fund		4,419	4,419
Advance from customers		14,285	37,615
Gas Infrastructure Development Cess (GIDC) payable	8.1	61,338	61,338
Sales tax payable		397,300	27,357
Withholding tax payable		1,954	916
Retention money		1,017	1,317
Provident fund payable		341	378
Others		9,319	9,739
		<u>2,660,475</u>	<u>1,778,978</u>

8.1 This represents present value of GIDC payable to SNGPL. The amount was payable in 24 equally monthly instalments of Rs: 4,959,786 each. The payment is suspended at the the moment pursuant to stay order granted by Sindh High Court.

(Rupees in'000)	Note	Un-audited March 31, 2024	Audited June 30, 2023
9 Short term borrowings			
Secured- from banking companies			
Running finances utilized under mark-up arrangements	9.1	2,305,669	2,060,098
From associates - unsecured	9.2	1,220,119	365,119
		<u>3,525,788</u>	<u>2,425,217</u>

- 9.1 The aggregate finance facilities available from various commercial banks amounted to Rs. 3,231.24 million (30 June: 2023: Rs. 3,131.24 million). These carry mark-up at the rates ranging from 21.81% to 23.26% per annum (March: 2023: 14.56% to 19.88% per annum) and are secured against hypothecation charge on current assets and promissory notes, respectively. Markup is payable on quarterly basis in arrears.
- 9.2 The loan was obtained to meet working capital requirements and has been utilized accordingly. The loan is unsecured, interest free and repayable on demand.

10 Contingencies and commitments

10.1 Contingencies

- 10.1.1 There has been no material change in the status of contingencies as disclosed in note 18 to the Company's financial statements for the year ended June 30, 2023.

10.2 Commitments

- 10.2.1 Contracts for Capital expenditure commitments outstanding as at 31 March 2024 amounted to Rs. Nil million (30 June 2023: Nil million).

- 10.2.2 Commitments against irrevocable letters of credit as at 31 March 2024 amounted to Rs. 2,039.076 million (30 June 2023: Rs. 231.402 million).

(Rupees in'000)	Quarter Ended March 31,		Nine Months Ended March 31	
	2024	2023	2024	2023
11 Cost of goods sold				
Raw and packing materials consumed	1,871,955	1,952,032	6,478,636	5,918,703
Stores and spares consumed	34,406	16,956	95,494	72,274
Salaries, wages and amenities	122,802	117,208	331,190	371,623
Fuel and power	497,606	396,919	1,377,652	1,492,337
Repair and maintenance	10,067	15,027	34,452	47,522
Running and maintenance of vehicles	10,674	9,158	31,671	28,276
Insurance	4,790	3,929	14,070	13,649
Depreciation	35,273	33,486	104,957	96,994
Rent, rate and taxes	546	545	1,853	1,814
Other expenses	2,868	233	4,096	4,127
	2,590,992	2,545,492	8,474,071	8,047,319
Add: Opening work in process	74,620	57,402	109,563	70,373
Less: Closing work in process	(65,257)	(66,836)	(65,257)	(66,836)
	2,600,355	2,536,058	8,518,377	8,050,856
Add: Opening finished goods	1,332,466	1,439,142	753,355	1,064,361
Less: Closing finished goods	(1,448,494)	(804,309)	(1,448,494)	(804,309)
	2,484,325	3,170,892	7,823,238	8,310,908

12 Transactions with related parties

The related parties comprise of major shareholders, associated undertakings, provident fund and key management personnel. Significant transactions with related parties are as follows:

(Rupees in '000)	Name of related party and basis of relationship	Nature of transactions	Quarter Ended March 31		Nine months Ended March 31	
			2024	2023	2024	2023
	Rupafil Limited	- Purchases	161,820	512,205	1,341,442	1,143,469
	Associated Company by virtue of common directorship	- Sales	462,958	21,412	791,923	114,038
		- Payments	132,309	512,213	1,261,589	1,143,469
		- Receipts	475,385	21,444	810,475	114,070
		Soneri Bank Limited	- Profit on bank deposits	3,691	3,689	12,164
	Associated Company by virtue of common directorship					
		Rupali Nylon (Private) Limited	- Purchases	-	783	-
	Associated Company by virtue of common directorship	payments	-	783	-	3,777
		Spintex Limited	- Purchases	-	-	-
	(MD is sibling of CEO of the Company)	- Sales	-	-	-	-
		- Payments	117,000	-	-	-
		- Receipts	125,000	-	-	-
		ALNU Trust	- Loan received	415,000	-	415,000
	Related party by virtue of major shareholding	- Loan repaid	-	129,000	-	129,000
		Defined Contribution Plan (Provident Fund)	- Contribution to Provident fund	260	1,022	1,286

13 Date of authorization for issue

These condensed interim financial statements were authorized for issue on 26 April 2024 by the Board of Directors of the Company.

14 General

14.1 There is no unusual item included in these condensed interim financial statements which is affecting assets, liabilities, profit, comprehensive income, equity or cash flows of the Company.

14.2 The provision for taxation made in these condensed interim financial statements is subject to adjustment in annual financial statements.

14.3 Figures have been rounded off to the nearest thousand Rupees unless stated otherwise.



Nooruddin Feerasta
Chief Executive Officer



Shehzad Feerasta
Director



Muhammad Ahsan Iqbal
Chief Financial Officer

rupaligroup.com

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Registered Office

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