

Quarterly Accounts (Un-audited)
for the 1st Quarter ended
30 September 2019



Sustainability
through innovation



RUPALI POLYESTER LIMITED



Innovation is a powerful lever to address the challenges of a growing world. It allows us to use resources more efficiently, produce more with less and deliver better methodologies to help company drive growth and improve quality of life.

Investing in innovation is an essential ingredient of Rupali's corporate philosophy and it comes in many forms -- from traditional R&D to new products, markets and business models.

At Rupali, we are up for the challenge, ready to adopt and deploy a modern approach to innovation that will deliver both value and meaningful solutions.

Corporate Data

Board of Directors

Chairman / Chief Executive Officer

Nooruddin Feerasta

Directors

Muhammad Rashid Zahir - Non-Executive

Yaseen M. Sayani - Non-Executive

Shehzad Feerasta - Non-Executive

Abdul Hayee - Executive

Amyna Feerasta - Non-Executive

Sultan Ali Rajwany - Non-Executive

Zeeshan Feerasta - Non-Executive

Audit Committee

Yaseen M. Sayani - Chairman

Muhammad Rashid Zahir - Member

Zeeshan Feerasta - Member

Human Resource & Remuneration Committee

Sultan Ali Rajwany - Chairman

Nooruddin Feerasta - Member

Zeeshan Feerasta - Member

Chief Financial Officer

Amjad Rahil

Company Secretary

S. Ghulam Shabbir Gilani

Bankers

Askari Bank Limited

Faysal Bank Limited

MCB Bank Limited

Bank Alfalah Limited

Habib Bank Limited

Soneri Bank Limited

Auditors

Qavi & Co.

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

On behalf of the Board of Directors, we are pleased to present the Company's un-audited financial statements for the first quarter ended 30 September 2019.

Overview

Despite facing a widespread array of challenges and obstacles amongst many industries in Pakistan, we report with satisfaction that the Company has maintained the momentum of growth as reflected by its financial results for the quarter ended 30 September 2019. Your Company withstood the adverse effect of additional burden of general sales tax, Pak rupee devaluation and higher mark-up rates on bank borrowings. The electricity tariff of 7.5 cents per kWh and gas tariff of US\$6.5 per MMBTU of combined gas and LNG are not being applied and companies are receiving inflated bills as opposed to receiving subsidized bills. This uncertainty diminishes the potential of any company to utilize their adjustments within the conversion costs. Also, we have to get the bills corrected through court orders for every billing period. SNGPL despite the stay order granted by the Honourable Lahore High Court, till next date of hearing is charging with US\$12.00 per MMBTU instead of US\$6.5 for which CM was filed and Honourable Lahore High Court directed that gas be charged @ US\$6.5 per MMBTU. The case is subjudice before the Honourable High Court, Lahore. In addition, quarterly tariff adjustment charges have been imposed by NEPRA thus adding another burden on our cost of doing business.

Domestic industry employs huge industrial labour force with significant contribution in country's exports, therefore, regarded as the most important pillar of the country's economy, with the longest production chain and potential for value addition at each processing stage. Hence it should be protected against inflow of low quality PFY and PSF. Ever since the anti-dumping duties have been imposed by the National Tariff Commission on the dumped imports of PFY from China and Malaysia, the importers of Polyester Filament Yarn have made it a practice to obtain stay orders from Honorable High Courts without disclosing to Courts material facts of the cases. However subsequently, the Hon'ble High Courts have dismissed all such Writ Petitions filed by the importers of PFY, when true and material facts were placed before Honourable Courts by the domestic industry and / or the National Tariff Commission. Most of the writ petitions filed by the importers of PFY during the last two years have been dismissed by the Honourable Courts in favour of the NTC as well as respondents. Recently, some other importers have filed petitions against the anti-dumping duty in the Lahore High Court, Rawalpindi Bench and Stay is granted. Due to this all importers are getting the imported PFY cleared without the ADD causing big loss to the government as well as domestic PFY manufacturers. It is also unlawful that all the importers who are not party in the writ petition are also taking undue advantage of evading the anti-dumping duties. The Federal Board of Revenue as well as the National Tariff Commission must take notice of this unlawful practice by the PFY importers.

As stated in detail in our annual report, 2019 domestic PFY industry should be promoted for Synthetics import substitution and it needs support by way of 11% import duty and 5% RD for the next 10 years in view of minimal anti-dumping duties imposed against China in Pakistan (compared to that imposed by Turkey/India) and for the injury it suffered for over 10 years.

Financial Results

Sales revenue for Q1 ended 30 September 2019 increased to Rs.2,117.02 million from Rs.1,906.87 million in same period of FY 2018. By efficient operational performance aiming at economizing the cost of goods sold, gross profit increased to Rs.149.55 million from Rs.112.46 million in Q1 of FY 2018. Finance cost increased to Rs.56.79 million from Rs.33.62 million in corresponding quarter of FY 2018 because of increase in mark-up rates on short-term bank borrowings and long term financing for the expansion and refurbishing projects. We are happy to report that both top and bottom lines have shown notable improvement.

Your Company has earned profit before tax amounting to Rs.55.60 million as against Rs.37.44 million and profit after tax amounting to Rs.23.84 million as against Rs.13.60 million in corresponding period of FY 2018.

Earnings per share amounted to Re.0.70, up from Re. 0.40 in same quarter of the last year.

Future Outlook

The economy is facing many challenges like excessive taxation structure and higher mark-up rates on bank borrowings. Industrial growth contributes to economic stability on long term basis. It is upto the government to take concrete measures and frame such economic policies as would ensure protection of the domestic industry.

The GIDC case is under hearing in the Honourable Supreme Court of Pakistan. Current political un-rest may impact the country's economy and businesses.

A Note of Gratitude

The Directors wish to express their appreciation for the cooperation provided by the Ministries of Finance, Revenue and Economic Affairs, Industries and Production, Communication and Commerce and Textile. We would also like to convey our gratitude to the Federal Board of Revenue and Government of the Punjab for their cooperation. We appreciate the patronage and confidence placed in the Company by the Development Financial Institutions and commercial banks. We are thankful to our valued customers and expect growing business relationships with them. To our stakeholders, we are grateful for their faith and trust in the Company. We place on record our appreciation of the contribution made by employees at all levels. Our resilience to meet challenges was made possible by their hard work, solidarity, co-operation and support.

On behalf of the Board

Nooruddin Feerasta
Chief Executive Officer

Shehzad Feerasta
Director

Lahore

26 October 2019

مالی نتائج

۳۰ ستمبر ۲۰۱۹ کو ختم ہونے والی سہ ماہی کی فروخت آمدنی مالی سال ۲۰۱۸ کی اسی مدت کی آمدنی ۱,۰۹۶.۸۷ ملین روپے سے بڑھ کر ۲,۱۱۷.۰۲ ملین روپے ہو گئی ہے۔ فروخت شدہ سامان کی پیداواری لاگت کو کم کرنے کے مقصد سے موثر آپریشنل کارکردگی سے مجموعی خام منافع ۱۱۲.۴۶ ملین روپے سے بڑھ کر ۱۳۹.۵۵ ملین روپے ہو گیا۔ فنانس لاگت جو سال ۲۰۱۸ کی اس سہ ماہی میں ۳۳.۶۲ ملین روپے تھی سے بڑھ کر ۵۶.۷۹ ملین روپے رہی۔ یہ اضافہ مختصر مدت کے بینک قرضوں اور توسیع اور تجدید کاری منصوبوں کے لئے طویل مدتی قرضہ جات کی شرح سود کے باعث ہوا ہے۔ ہمیں یہ جان کر خوشی ہوئی ہے کہ اوپر والے اور نچلے والے منافع جات میں قابل ذکر بہتری آئی ہے۔

آپ کی کمپنی نے ٹیکس سے قبل ۵۵.۶۰ ملین روپے منافع حاصل کیا ہے جو سال ۲۰۱۸ کی اس سہ ماہی میں ۳۷.۴۲ ملین روپے تھا اور ٹیکس کے بعد منافع ۲۳.۸۲ ملین روپے کمایا جو مالی سال ۲۰۱۸ کی اسی مدت میں ۱۳.۶۰ ملین روپے تھا۔

فی حصص آمدنی اس سہ ماہی میں ۷۰ پیسے ہو گئی جو پچھلے سال کی اسی سہ ماہی میں ۴۰ پیسے تھی۔

مستقبل کا جائزہ

معیشت کو بہت سارے چیلنجز کا سامنا ہے جیسے ٹیکسوں کا نیا ڈھانچہ اور بینک قرضے پر زیادہ شرح سود۔ صنعتی نمو طویل مدتی بنیاد پر معاشی استحکام میں بہت معاون ہوتی ہے۔ حکومت کا یہ فرض ہے کہ ٹیکس اقدارات اٹھائے اور ایسی معاشی پالیسیاں مرتب کرے جو ملکی صنعت کو تحفظ فراہم کریں۔

جی آئی ڈی سی کا معاملہ عدالت عظمیٰ میں زیرِ سماعت ہے۔ موجودہ سیاسی عدم استحکام سے ملک کی معیشت اور کاروبار متاثر ہو سکتے ہیں۔

اظہارِ تشکر

ڈائریکٹرز، جرائد، صنعتوں پیداوار اور معاشی امور کی وزارت، تجارت، مواصلات اور وزارت ٹیکسٹائل کے تعاون کے لئے اظہارِ تشکر کرنا چاہتے ہیں۔ ہم وفاقی بورڈ آف ریونیو، کٹمنز، سینٹرل ایکسائز اور حکومت پنجاب کے تعاون کے بھی شکر گزار ہیں۔ ہم ترقیاتی مالیاتی اداروں اور کمرشل بینکوں کو بھی سراہتے ہیں کہ انہوں نے ہم پر اعتماد کرتے ہوئے مالی معاونت کی۔ ہم اپنے قابلِ قدر گاہکوں کے شکر گزار ہیں اور ان کے ساتھ کاروباری تعلقات میں وسعت کی امید رکھتے ہیں۔ ہمارے اسٹیک ہولڈرز کے ہم پر اعتماد کے لئے شکر گزار ہیں۔ ہم ان کے اس اعتماد کی قدر کرتے ہیں اور کمپنی کی انتظامیہ اور عملے کی مسلسل محنت کی تعریف کرتے ہیں۔

محنا ب بورڈ آف ڈائریکٹرز:

شہزاد فیروستہ
ڈائریکٹر

نور الدین فیروستہ
چیف ایگزیکٹو آفیسر
لاہور:

۲۶ اکتوبر ۲۰۱۹

ڈائریکٹران کا جائزہ

کمپنی کے ڈائریکٹران کی جانب سے ہم بمسرت ۳۰ ستمبر ۲۰۱۹ کو ختم ہونے والی پہلی سہ ماہی کے لئے کمپنی کے غیر پڑتال شدہ مالی نتائج پیش کرتے ہیں۔

مجموعی جائزہ

ملک میں بہت ساری صنعتوں کو درپیش مختلف النوع مسائل اور رکاوٹوں کے باوجود ہم اطمینان کے ساتھ یہ اطلاع دیتے ہیں کہ کمپنی نے ۳۰ ستمبر ۲۰۱۹ کو ختم ہونے والی سہ ماہی میں بھی نمکوبہر برقرار رکھا جیسا کہ مالی نتائج سے عیاں ہے۔ آپ کی کمپنی عمومی سیکلنگس، پاکستانی روپے کی قدر میں کمی اور بینکوں سے لئے گئے قرضہ جات پر بڑھتی ہوئی شرح سود کے اضافی بوجھ کو برداشت کر رہی ہے۔ گیس اور بجلی کے بل بناتے وقت گیس / آر ایل این جی کے نرخ ۶.۵ امریکی ڈالر فی ایم ایم بی ٹی یو اور بجلی کے نرخ ۵.۵ پیسٹ فی kwh کا اطلاق نہیں کیا جاتا اور ہمیں عدالتی احکامات کے ذریعے بلوں کو درست کروانا پڑتا ہے۔ ایس این جی ایل معزز عدالت عالیہ لاہور کے حکم امتناعی کے باوجود، اگلی تاریخ سماعت سے قبل ہی ۶.۵ امریکی ڈالر فی ایم ایم بی ٹی یو کے بجائے ۱۲.۰۰ امریکی ڈالر کے حساب سے وصول کر رہی ہے جس کے لئے عدالت میں درخواست (CM) دائر کی گئی اور معزز عدالت نے ہدایت کی ہے کہ گیس کی قیمت ۶.۵ امریکی ڈالر فی ایم ایم بی ٹی یو وصول کی جائے۔ یہ مقدمہ معزز ہائیکورٹ لاہور میں زیر غور ہے۔ علاوہ ازیں نیچر انے سہ ماہی ٹیرف ایڈجسٹمنٹ چارجز عائد کر دینے ہیں اس طرح ہمارے کاروبار کرنے کی لاگت پرایک اور بوجھ پڑا ہے۔

گھریلو صنعت ملک کی برآمدات میں نمایاں شراکت کے ساتھ بہت بڑی صنعتی مزدور قوت کو ملازمت دیتی ہے اس طرح اسے ملک کی معیشت کا نہایت اہم ستون تسلیم کیا جاتا ہے جس میں طویل ترین پیداواری زنجیر اور ہر پروسیسنگ مرحلے پر value-addition کیلئے صلاحیت موجود ہے۔ لہذا اس کے معیار کے درآمد ہونے والے PFY اور PSF کی مسابقت سے بچانا چاہئے۔ جب سے نیشنل ٹیرف کمیشن کی جانب سے چین اور ملائیشیا سے پی ایف وائی کی dumped درآمدات پر اینٹی ڈمپنگ ڈیوٹی عائد کی گئی ہے۔ پی ایف وائی کے درآمد کنندگان نے مختلف عدالت ہائے عالیہ سے اصل حقائق کو ظاہر کئے بغیر احکام امتناعی حاصل کرنے کا وہیلہ بنا رکھا ہے۔ تاہم اس کے بعد جب مقامی صنعت یا قومی ٹیرف کمیشن کی جانب سے معزز عدالتوں کے سامنے سچے اور ٹھوس حقائق رکھے گئے تھے تو معزز عدالتوں نے پی ایف وائی کے درآمد کنندگان کی دائر کی گئی ان تمام درخواستوں کو مسترد کر دیا۔ گذشتہ دو سالوں کے دوران پی ایف وائی کے درآمد کنندگان کی جانب سے دائر پیشتر درخواستوں کو معزز عدالتوں نے این ٹی سی یا مدعا علیہان کے حق میں خارج کر دیا ہے۔ مگر حال ہی میں کچھ دیگر درآمد کنندگان نے این ٹی ڈمپنگ ڈیوٹی کے خلاف لاہور ہائیکورٹ راولپنڈی بینچ میں درخواستیں دائر کی ہیں اور معزز عدالت نے حکم امتناعی کی منظوری دی ہے۔ اس کی وجہ سے تمام درآمد کنندگان درآمد شدہ پی ایف وائی کو اے ڈی ڈی کے بغیر کلیئر کر رہے ہیں جس سے حکومت اور مقامی پی ایف وائی مینوفیکچررز کو بڑا نقصان ہو رہا ہے۔ یہ بات بھی غیر قانونی ہے کہ وہ تمام درآمد کنندگان جو درخواستوں میں فریق نہیں ہیں وہ بھی این ٹی ڈمپنگ ڈیوٹیوں سے بچنے کا ناجائز فائدہ اٹھا رہے ہیں۔ وفاقی بورڈ آف ریونیو کے ساتھ ساتھ قومی ٹیرف کمیشن کو بھی پی ایف وائی درآمد کنندگان کی اس غیر قانونی حرکت کا نوٹس لینا چاہئے۔

جیسا کہ ہماری سالانہ رپورٹ ۲۰۱۹ میں تفصیل سے بیان کیا گیا ہے مقامی پی ایف وائی صنعت کو ریشم (Synthetic) درآمد کے متبادل کیلئے فروغ دیا جانا چاہئے اور اس کو تحفظ فراہم کرنے کی ضرورت ہے جو اس شکل میں ہو کہ درآمد پی ایف وائی پر ۱۱ فیصد درآمدی ڈیوٹی اور ۵ فیصد آر ڈی اگلے دس سالوں کے لئے عائد کی جائے اُس کی وجہ یہ ہے پاکستان میں چین پر بمقابلہ وہ شرح جس پر ترکی / ہندوستان نے ڈیوٹی عائد کی اور دس سال سے زائد عرصہ میں ہونے والے نقصان کے بدلے بہت کم ڈیوٹی عائد ہوئی ہے۔

Condensed Interim Statement of Financial Position (Un-audited) as at 30 September 2019

Rupees in thousand	Note	Un-audited 30 Sep 2019	Audited 30 June 2019
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	3,268,948	3,295,511
Investment property		462,500	462,500
Long-term deposits		4,396	4,396
		3,735,844	3,762,407
CURRENT ASSETS			
Stores, spares and loose tools		890,353	873,121
Stock-in-trade		929,063	873,093
Trade debts		34,917	73,362
Loans and advances		16,418	13,571
Trade deposits and short term prepayments		704	265
Other receivables		607,286	342,546
Taxation - net		71,357	43,842
Cash and bank balances		17,918	32,388
		2,568,016	2,252,188
		6,303,860	6,014,595
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 35,000,000 (30 June 2019: 35,000,000) ordinary shares of Rs. 10 each		350,000	350,000
Issued, subscribed and paid-up capital 34,068,514 (30 June 2019: 34,068,514) ordinary shares of Rs. 10 each		340,685	340,685
Reserves	6	383,399	359,557
Surplus on revaluation of freehold land		1,719,056	1,719,056
		2,443,140	2,419,298
NON-CURRENT LIABILITIES			
Long-term financing	7	94,370	94,370
Staff retirement benefits		165,594	165,594
Deferred taxation - Net		279,723	279,723
Liabilities against assets subject to finance lease	8	539,687	539,687
CURRENT LIABILITIES			
Trade and other payables	9	1,402,492	1,345,791
Short-term borrowings		1,765,267	1,564,985
Accrued mark-up		56,754	47,971
Unclaimed Dividend		1,478	1,509
Current portion of long-term borrowings	10	95,042	95,354
		3,321,033	3,055,610
CONTINGENCIES AND COMITMENTS			
	11	6,303,860	6,014,595

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

Nooruddin Feerasta
Chief Executive Officer

Shehzad Feerasta
Director

Amjad Rahil
Chief Financial Officer

Condensed Interim Statement of Profit or Loss (Un-audited) for the quarter ended 30 September 2019

Rupees in thousand	Quarter Ended	
	Sep 2019	Sep 2018
Sales	2,117,017	1,906,873
Cost of goods sold	(1,967,472)	(1,794,416)
Gross profit	149,545	112,457
Selling and distribution expenses	(7,105)	(3,471)
Administrative and general expenses	(38,111)	(37,630)
Other operating charges	(4,359)	(6,055)
	(49,575)	(47,156)
Other operating income	12,414	5,756
Operating Profit	112,384	71,057
Finance cost	(56,787)	(33,620)
Profit before taxation	55,597	37,437
Taxation	(31,755)	(23,836)
Profit after taxation	23,842	13,601
	Amount in Rupees	
Earnings per share - basic and diluted	0.70	0.40

Appropriations have been reflected in the condensed interim statement of changes in equity.

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

Nooruddin Feerasta
Chief Executive Officer

Shehzad Feerasta
Director

Amjad Rahil
Chief Financial Officer

Condensed Interim Statement of other Comprehensive Income (Un-audited) for the quarter ended 30 September 2019

Rupees in thousand	Quarter Ended	
	Sep 2019	Sep 2018
Profit after taxation	23,842	13,601
Other comprehensive income	-	-
Total comprehensive income	23,842	13,601

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

Nooruddin Feerasta
Chief Executive Officer

Shehzad Feerasta
Director

Amjad Rahil
Chief Financial Officer

Condensed Interim Cash Flow Statement (Un-audited) for the quarter ended 30 September 2019

Rupees in thousand	Quarter Ended	
	Sep 2019	Sep 2018
Cash generated from operations		
Profit before taxation	55,597	37,437
Adjustments for non-cash and other items		
Depreciation	41,713	36,779
Provision for staff retirement benefits	30	2,235
Profit on Bank deposits	(727)	(352)
Finance cost	56,787	33,620
	97,803	72,282
Effect on cash flow due to working capital changes		
(Decrease) / Increase in current assets:		
Stores, spares and loose tools	(17,232)	(96,413)
Stock-in-trade	(55,970)	(261,758)
Trade debts	38,445	(1,847)
Loans and advances	(2,847)	(969)
Trade deposits and short term prepayments	(439)	(11,523)
Other receivables	(264,740)	(288,953)
	(302,783)	(661,463)
(Increase) / Decrease in current liabilities		
Trade and other payables	56,701	754,043
Cash generated from operations	(92,682)	202,299
Finance cost paid	(48,004)	(31,761)
Income tax paid	(59,270)	(1,670)
Staff retirement benefits paid	(30)	(2,235)
Profit received	727	352
Net Cash inflow from operating activities	(199,259)	166,985

Condensed Interim Cash Flow Statement (Un-audited) for the quarter ended 30 September 2019

Rupees in thousand	Quarter Ended	
	Sep 2019	Sep 2018
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	(15,150)	(68,523)
Long term deposits	-	-
Net cash outflow from investing activities	(15,150)	(68,523)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term financing	0	-
Dividend paid	(31)	-
Liabilities against assets subject to finance lease	(312)	(290)
Net cash outflow from financing activities	(343)	(290)
Net decrease in cash and cash equivalents	(214,752)	98,172
Cash and cash equivalents at the beginning of the period	(1,532,597)	(2,132,461)
Cash and cash equivalents at the end of the period	(1,747,349)	(2,034,289)
Cash and bank balances	17,918	4,359
Short-term borrowings	(1,765,267)	(2,038,648)
Cash and cash equivalents at the end of the period	(1,747,349)	(2,034,289)

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

Nooruddin Feerasta
Chief Executive Officer

Shehzad Feerasta
Director

Amjad Rahil
Chief Financial Officer

Condensed Interim Statement of Changes in Equity (Un-audited) for the quarter ended 30 September 2019

Rupees in thousand

	Issued subscribed and paid- up capital	Capital Reserve Share premium	Revenue Reserves			Total
			General reserve	Accumulated Loss	Surplus on Revaluation of freehold land	
Balance as on 01 July 2018	340,685	71,490	1,664,125	(1,393,729)	1,719,056	2,401,627
Profit for 1st Quarter ended 30 September 2018	-	-	-	13,601	-	13,601
Other comprehensive income for 1st quarter ended 30 September 2018	-	-	-	-	-	-
Balance as on 30 September 2018	340,685	71,490	1,664,125	(1,380,128)	1,719,056	2,415,228
Balance as on 01 October 2018	340,685	71,490	1,664,125	(1,380,128)	1,719,056	2,415,228
Profit for last 3 quarters ended 30 June 2019	-	-	-	41,374	-	41,374
Dividend for the year 2018	-	-	-	(34,068)	-	(34,068)
Other comprehensive loss for the year ended 30 June 2019	-	-	-	(3,236)	-	(3,236)
Balance as on 30 June 2019	340,685	71,490	1,664,125	(1,376,058)	1,719,056	2,419,298
Balance as on 01 July 2019	340,685	71,490	1,664,125	(1,376,058)	1,719,056	2,419,298
Profit for 1st Quarter ended 30 September 2019	-	-	-	23,842	-	23,842
Other comprehensive income for 1st Quarter ended 30 September 2019	-	-	-	-	-	-
Balance as on 30 September 2019	340,685	71,490	1,664,125	(1,352,216)	1,719,056	2,443,140

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

Nooruddin Feerasta
Chief Executive Officer

Shehzad Feerasta
Director

Amjad Rahil
Chief Financial Officer

Notes to the Condensed Interim Financial Information (Un-audited) for the quarter ended 30 September 2019

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 and is quoted on the Pakistan Stock Exchange Limited. The registered office of the Company is situated at 241-242 Upper Mall Scheme, Anand Road, Lahore. The production plant is situated at 30.2 KM Lahore - Sheikhpura Road, Sheikhpura. The regional office is situated at 101 -105 1st floor, Gul Tower, I.I Chundigar Road, Karachi. The Company is principally engaged in the manufacture and sale of polyester products

2 Basis of preparation

This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of any directives issued under the Companies Act, 2017. In case where the requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed. This condensed interim financial information does not include all the information required for full annual financial statements and, therefore, should be read in conjunction with audited annual financial statements of the Company for the year ended 30 June 2018.

3 Significant accounting policies

The specific provision / section in the repealed Companies Ordinance, 1984 relating to the surplus on revaluation of fixed assets has not been carried forward in the Companies Act, 2017. Previously, section 235 of the repealed Companies Ordinance, 1984 specified the accounting treatment and presentation of the surplus on revaluation of fixed assets, which was not in accordance with the IFRS requirements. Accordingly, in accordance with the requirements of International Accounting Standard (IAS) 16, Property, Plant and Equipment, surplus on revaluation of fixed assets would now be presented under equity.

The provision for taxation for the Quarter ended 30 September 2019 has been made using the tax rate that would be applicable to expected total annual earnings.

4 Accounting estimates, judgments and financial risk management

In preparing this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the audited annual financial statements as at and for the year ended 30 June 2019,

with the exception of changes in estimates that are required in determining the provision for income taxes.

The Company's financial risk management objectives and policies are consistent with those disclosed in the audited annual financial statements as at and for the year ended 30 June 2019.

Rupees in thousand	Un-audited 30 Sep 2019	Audited 30 June 2019
5 Investment property		
Fair value at the beginning of the period/year	462,500	462,500
Fair value gain during the period/year	-	-
Fair value at the end of the period/year	462,500	462,500
<p>The fair value of investment property was determined at 30 June 2019 by an independent valuer having relevant professional qualifications. The fair value was determined on the basis of professional assessment of the price that would be received to sell the property in an orderly transaction between market participants at the measurement date, in accordance with level 3 input of IFRS 13. The forced sale value as at 30 June 2019 amounts to Rs: 397.375 million.</p>		
6 Reserves		
Capital		
- Share Premium	71,490	71,490
Revenue		
- General reserve	1,664,125	1,664,125
- Accumulated loss	(1,352,216)	(1,376,058)
	311,909	288,067
	383,399	359,557
7 Long Term Financing		
From banking companies - secured		
- Utilized under mark-up arrangement	188,739	188,739
Current portion shown under current liabilities	(94,369)	(94,369)
Non-current portion	94,370	94,370

The Company had obtained a term finance facility from MCB Bank Limited for the purpose of import of plant and machinery, spare parts and related civil works. The facility is secured by way of first charge over plant and machinery and land aggregating to Rs. 967 million. It carries a mark- up at a rate of 6 month KIBOR + 0.5% to be reset on biannual basis. The loan was repayable in ten half yearly instalments and four instalments are outstanding as at reporting date.

	Un-audited	Audited
Rupees in thousand	30 Sep 2019	30 June 2019

8 Liabilities against assets subject to finance lease

Minimum lease payments

- Payable within one year	692	1,020
- Payable after one year	-	-
	692	1,020

Future financial charges

- Payable within one year	18	35
- Payable after one year but before five years	-	-
	18	35

Present value of minimum lease payments

- Payable within one year	674	985
- Payable after one year but before five years	-	-
	674	985

Current portion shown under current liabilities

	(674)	(985)
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Non-current portion

Future minimum lease payments have been discounted at an implicit interest rates ranging from of 7.40% to 7.48 % (2018: 7.40% to 7.48%) per annum to arrive at their present values. Rentals are payable in advance in monthly instalments. Taxes, repairs, replacements and insurance costs are to be borne by the Company. The lease contains a bargain purchase option exercisable at the end of lease and it is reasonably certain than the Company will exercise this option at maturity.

Rupees in thousand	Un-audited 30 Sep 2019	Audited 30 June 2019
9 Short term borrowings		
From Banking Companies - Secured		
Running Finances under Mark-up arrangements from banks	1,509,362	1,201,027
From related party - unsecured		
Interest free loan	528,958	363,958
	<u>2,038,320</u>	<u>1,564,985</u>
10 Current portion of long-term borrowings		
Long-term financing	94,369	94,369
Liabilities against assets subject to finance lease	673	985
	<u>95,042</u>	<u>95,354</u>

11 Contingencies and commitments

11.1 Contingencies:

- 11.1.1 Guarantees issued to different organizations in the normal course of business amounted to Rs. 82.459 million (30 June 2019: Rs. 82.459 million).
- 11.1.2 Outstanding guarantees given on behalf of related parties amounted to Rs. Nil (30 June 2019 Rs. Nil).

11.2 Commitments:

- 11.2.1 Contracts for Capital expenditure commitments outstanding as at 30 September 2019 amounted to Rs. 78.965 million (30 June 2019: Rs. 182.235 million).
- 11.2.2 Commitments against irrevocable letters of credit as at 30 September 2019 amounted to Rs. 861.039 million (30 June 2019: Rs. 1,535.000 million).

12 Transactions with related parties

The related parties comprise Associated Undertakings, Other Related Group Companies, Directors of the Company and Key Management Personnel. There are no transactions with key management personnel other than under their terms of employment.

13 Date of authorization for issue

These condensed interim financial statements were authorized for issue on 26 October 2019 by the Board of Directors of the Company.

14 Corresponding Figures

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim financial statement and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim statement of profit or loss, condensed interim statement of comprehensive income and condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding year.

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison. However, no significant re-arrangements have been made in these financial statements.


15 General

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

Nooruddin Feerasta
Chief Executive Officer

Shehzad Feerasta
Director

Amjad Rahil
Chief Financial Officer



www.rupaligroup.com

Rupali Polyester Limited
Registered Office
Rupali House,
241-242 Upper Mall Scheme,
Anand Road, Lahore - 54000
Pakistan.