



# ANNUAL REPORT 2018



RUPALI POLYESTER LIMITED



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# Corporate Data

## Board of Directors

### Chairman / Chief Executive Officer

Nooruddin Feerasta

### Directors

|                                       |                                     |
|---------------------------------------|-------------------------------------|
| Muhammad Rashid Zahir - Non-Executive | Muhammad Ali Sayani - Non-Executive |
| Sultan Ali Rajwani - Non-Executive    | Shehzad Feerasta - Non-Executive    |
| Zeeshan Feerasta - Non-Executive      | Abdul Hayee - Executive             |

### Audit Committee

|                               |                                |
|-------------------------------|--------------------------------|
| Sultan Ali Rajwani - Chairman | Muhammad Rashid Zahir - Member |
| Zeeshan Feerasta - Member     |                                |

### Human Resource & Remuneration Committee

|                               |                             |
|-------------------------------|-----------------------------|
| Sultan Ali Rajwani - Chairman | Nooruddin Feerasta - Member |
| Zeeshan Feerasta - Member     |                             |

### Chief Financial Officer

Amjad Rahil

### Company Secretary

S. Ghulam Shabbir Gilani

### Bankers

|                     |                      |
|---------------------|----------------------|
| Askari Bank Limited | Bank Alfalah Limited |
| Faysal Bank Limited | Habib Bank Limited   |
| MCB 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







## Our Vision

To consistently maintain the Company's leading status of producing high quality products being first preference of our customers. Also to maintain the standards of performance excellence with long term plans of expansion and diversification.

## Our Mission

To develop the Company on sound technical and financial footings with better productivity, excellence in quality and operational efficiencies at lower operating costs by utilizing blend of high professionalism.

To accomplish targeted results through increased earnings for maximum benefit to the Company stakeholders.

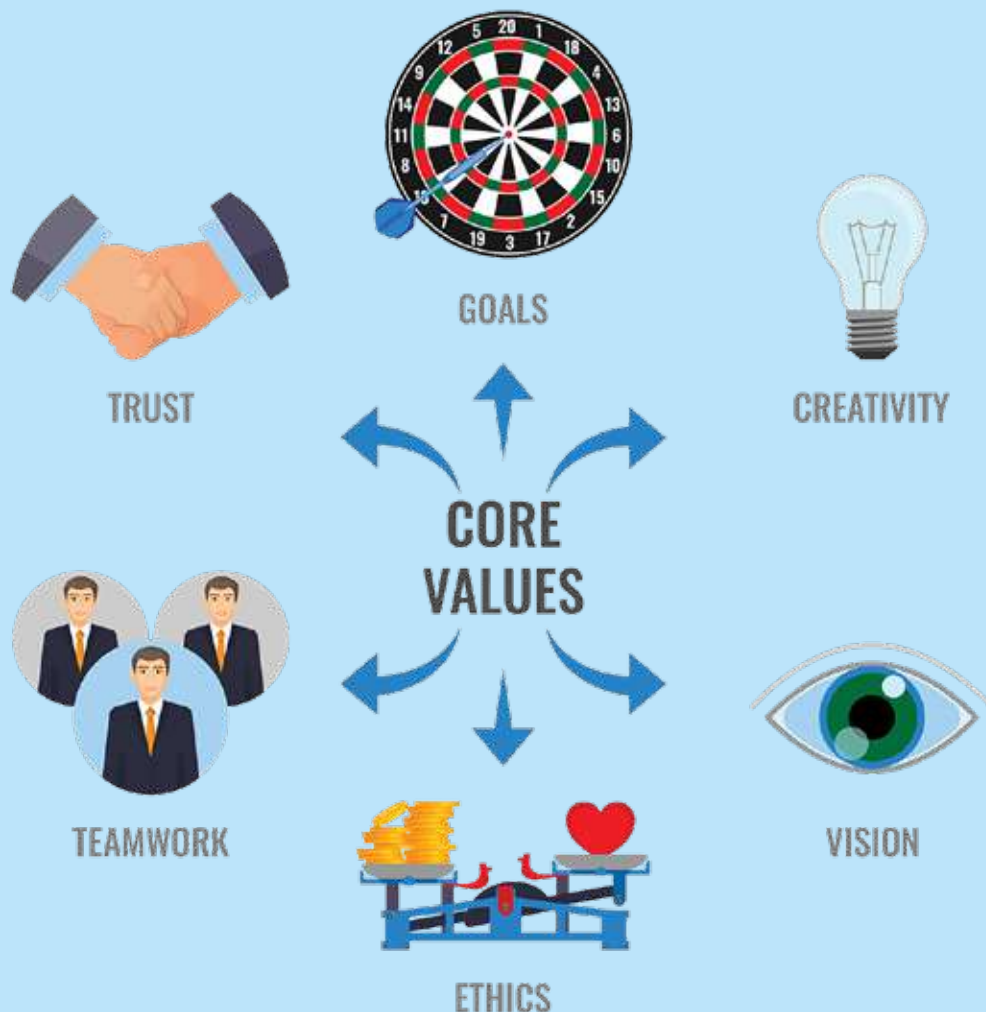
To be an equal opportunity employer taking utmost care of the employees for their career progression with better reward and recognition of their abilities and performance.

To fulfill general obligations towards the society, particularly safety, security and other environmental protections.



# Our Core Values

- An Organization with well disciplined and professionally managed operational and administrative functions
- Pioneering status in Polyester Fiber manufacturing
- High quality manufacturing standards
- Our products enjoy first preference of downstream users
- Performance excellence in all areas of operations
- Integrity in all our dealings based on commitments
- Very sound internal controls and highly disciplined financial management
- An excellent image and reput amongst corporate sector of the country and worldwide recognition
- High importance to stakeholders with historical background of regular dividend payouts to shareholders when Company in profits







# Company Profile

RUPALI POLYESTER LIMITED was incorporated at Karachi in May 1980 as a Public Limited Company and is listed on Pakistan Stock Exchange Limited (formerly Karachi, Lahore and Islamabad Stock Exchanges). It owns and operates composite facilities to manufacture Polyester Staple Fiber and Polyester Filament Yarn. It produces quality products by using latest technology and best quality of raw materials. The Company has the privilege of being one of the pioneers in Pakistan for manufacture of Staple Fiber of highest quality. Since its inception, the Company has been growing steadily through expansion and diversified operations. The assets of the Company have increased to Rs. 5,896 million from the initial capital outlay of Rs.150 million.

The Company has a Polymerization Unit with a capacity of 105 metric tons per day, Polyester Filament Yarn capacity of 30 metric tons per day and a Polyester Staple Fiber capacity of 65 metric tons per day. The Company has put up an additional POY line to increase production. The various products of Rupali are in fact import substitution as these were previously imported from Japan, Indonesia, Taiwan and Korea. Now the Company is importing the basic raw materials only and through value addition is producing the highest quality products locally.

Since inception, the philosophy of the Company's management is to grow on the strength of quality and reliability. To achieve this objective, it is maintaining a well equipped Research & Development Centre for standard maintenance, innovative improvements in its products and achieving economies in production techniques without compromising on standard and quality of products. Products and services offered by the Company are acknowledged by the customers as quality and reliable products and are the first preference of customers.

The Company gives high priority to customers' satisfaction, tries to maintain uninterrupted supply of its products and provides after sales services, technical support for trouble shooting.

AL HAMDO LILLAH, the Company enjoys high prestige and reputation in the business community, banks, financial institutions and customers. It is also amongst major contributors to the national exchequer

# Financial Highlights

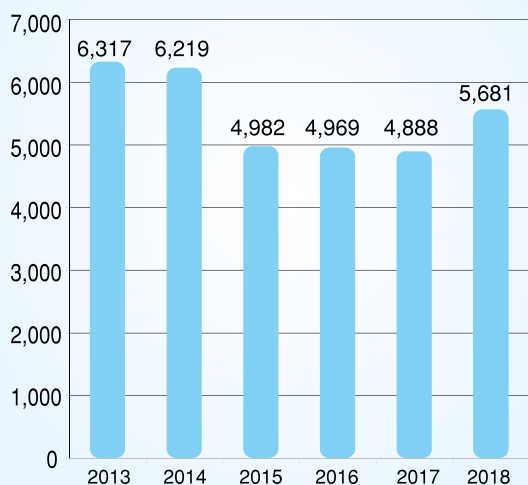
| Particulars                                   | UOM             | 2018       | 2017       | 2016       | 2015       |
|---|-----------------|------------|------------|------------|------------|
| <b>Profit and Loss Account</b>                |                 |            |            |            |            |
| Sales - Net                                   | Rs. in thousand | 6,044,111  | 5,025,401  | 4,890,041  | 4,841,940  |
| Cost of sales                                 | Rs. in thousand | 5,680,917  | 4,887,698  | 4,969,175  | 4,982,459  |
| Gross Profit                                  | Rs. in thousand | 363,194    | 137,703    | (79,134)   | (140,519)  |
| Operating profit                              | Rs. in thousand | 234,689    | (9,384)    | (135,807)  | (233,801)  |
| Profit before tax                             | Rs. in thousand | 115,822    | (123,064)  | (270,919)  | (401,098)  |
| Profit after tax                              | Rs. in thousand | 64,553     | (120,083)  | (333,478)  | (384,447)  |
| Income tax - current                          | Rs. in thousand | 60,479     | 43,937     | 48,900     | -          |
| - prior years                                 | Rs. in thousand | 266        | (35,369)   | -          | -          |
| - deferred                                    | Rs. in thousand | (9,477)    | (11,549)   | 13,659     | (16,651)   |
| <b>Dividend</b>                               |                 |            |            |            |            |
| Cash dividend                                 | Rs. in thousand | 34,069     | -          | -          | -          |
| Cash dividend rate                            | Percentage      | 10         | -          | -          | -          |
| <b>Balance Sheet</b>                          |                 |            |            |            |            |
| Share capital                                 | Rs. in thousand | 340,685    | 340,685    | 340,685    | 340,685    |
| Reserves                                      | Rs. in thousand | 2,060,942  | 1,996,389  | 1,735,615  | 1,735,615  |
| Shareholders equity                           | Rs. in thousand | 2,401,627  | 2,337,074  | 1,032,799  | 1,366,277  |
| No. of ordinary shares                        | Numbers         | 34,068,514 | 34,068,514 | 34,068,514 | 34,068,514 |
| Non-Current liabilities                       | Rs. in thousand | 554,584    | 592,176    | 649,133    | 658,917    |
| Current liabilities                           | Rs. in thousand | 2,939,533  | 2,799,721  | 2,704,858  | 2,263,206  |
| Property, Plant and Equipment                 | Rs. in thousand | 3,201,449  | 2,971,353  | 1,637,969  | 1,729,858  |
| Capital work-in-progress                      | Rs. in thousand | 234,019    | 7,972      | 32,286     | 17,945     |
| Long term investments/loans/deposits          | Rs. in thousand | 4,396      | 4,396      | 4,361      | 4,361      |
| Current assets                                | Rs. in thousand | 2,252,399  | 2,353,222  | 2,344,460  | 2,229,181  |
| Net current assets                            | Rs. in thousand | (687,134)  | (446,499)  | (360,398)  | (34,025)   |
| <b>Total liabilities</b>                      | Rs. in thousand | 5,895,744  | 5,728,971  | 4,386,790  | 4,288,400  |
| <b>Total Assets</b>                           | Rs. in thousand | 5,895,744  | 5,728,971  | 4,386,790  | 4,288,400  |
| <b>Ratio Analysis</b>                         |                 |            |            |            |            |
| Gross profit                                  | Percentage      | 6.01       | 2.74       | (1.62)     | (2.90)     |
| Net profit                                    | Percentage      | 1.07       | (2.39)     | (6.82)     | (7.94)     |
| Inventory turnover                            | Times           | 7          | 8          | 8          | 6          |
| Cash dividend per share                       | Rupees          | 1          | -          | -          | -          |
| Debt : equity ratio                           |                 | 6 : 94     | 7 : 93     | 19 : 81    | 17 : 83    |
| Break-up value per share                      | Rupees          | 70.49      | 68.60      | 30.32      | 40.03      |
| Market value per share at the end of the year | Rupees          | 29.50      | 19.25      | 8.98       | 12.00      |
| <b>Production volume</b>                      |                 |            |            |            |            |
| Production capacity                           | M. Tons         | 22,100     | 22,100     | 22,100     | 22,100     |
| Production achieved                           | M. Tons         | 31,578     | 31,181     | 31,951     | 26,859     |
| Capacity utilization                          | Percentage      | 143        | 141        | 145        | 121        |
| Employees                                     | Numbers         | 1,323      | 1,230      | 1,198      | 1,251      |

| 2014       | 2013       | 2012       | 2011       |
|------------|------------|------------|------------|
| 5,952,659  | 6,091,802  | 6,390,922  | 6,455,848  |
| 6,219,222  | 6,317,322  | 6,175,904  | 5,804,892  |
| (266,563)  | (225,520)  | 215,018    | 650,956    |
| (361,421)  | (275,782)  | 125,266    | 515,795    |
| (479,858)  | (357,747)  | 81,750     | 503,881    |
| (403,284)  | (436,600)  | 20,939     | 332,262    |
| -          | 30,459     | 63,909     | 116,219    |
| (30,459)   | 565        | (33,233)   | (3,230)    |
| (46,115)   | 47,829     | 30,135     | 58,630     |
| -          | -          | 34,068     | 187,377    |
| -          | -          | 10         | 55         |
| 340,685    | 340,685    | 340,685    | 340,685    |
| 1,735,615  | 1,735,615  | 1,735,615  | 1,735,615  |
| 1,462,789  | 1,866,073  | 2,335,957  | 2,496,802  |
| 34,068,514 | 34,068,514 | 34,068,514 | 34,068,514 |
| 516,553    | 411,166    | 365,068    | 329,253    |
| 2,075,711  | 1,393,461  | 1,400,079  | 1,146,577  |
| 1,630,402  | 1,578,010  | 1,311,704  | 1,192,889  |
| 98,324     | 37,110     | 226,909    | 26,998     |
| 4,361      | 4,281      | 4,281      | 4,281      |
| 2,420,290  | 2,088,409  | 2,558,210  | 2,748,464  |
| 344,579    | 694,948    | 1,158,131  | 1,601,887  |
| 4,055,053  | 3,670,700  | 4,101,104  | 3,972,632  |
| 4,055,053  | 3,670,700  | 4,101,104  | 3,972,632  |
| (4.47)     | (3.70)     | 3.36       | 10.08      |
| (6.77)     | (7.17)     | 0.33       | 5.15       |
| 7          | 6          | 4          | 4          |
| -          | -          | 1.00       | 5.50       |
| 9 : 91     | 0 : 100    | 0 : 100    | 0 : 100    |
| 42.94      | 54.77      | 68.40      | 73.29      |
| 17.10      | 23.30      | 25.66      | 41.50      |
| 22,100     | 22,100     | 22,100     | 22,100     |
| 28,491     | 30,855     | 34,957     | 35,250     |
| 129        | 140        | 158        | 160        |
| 968        | 1,001      | 1,238      | 1,239      |

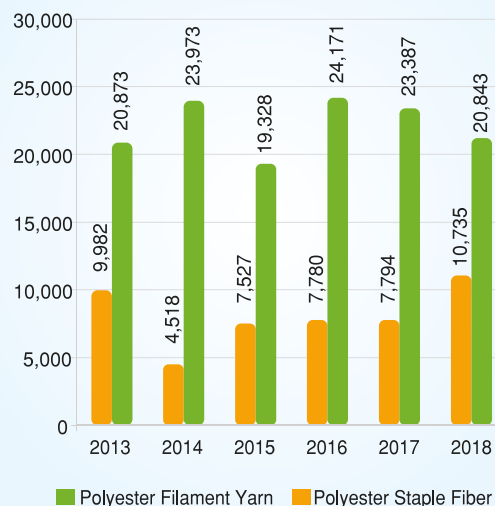


# Graphical Presentation

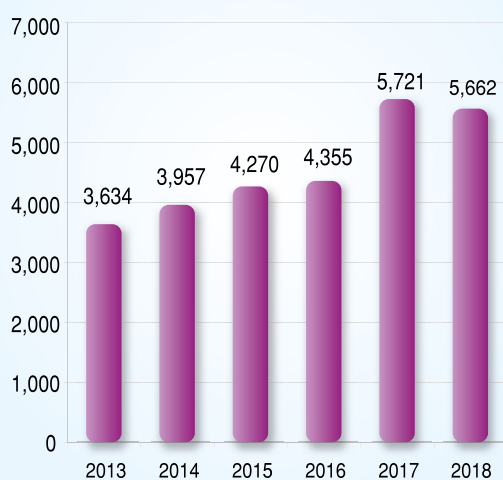
**Cost of Sales**  
(Rs. in Million)



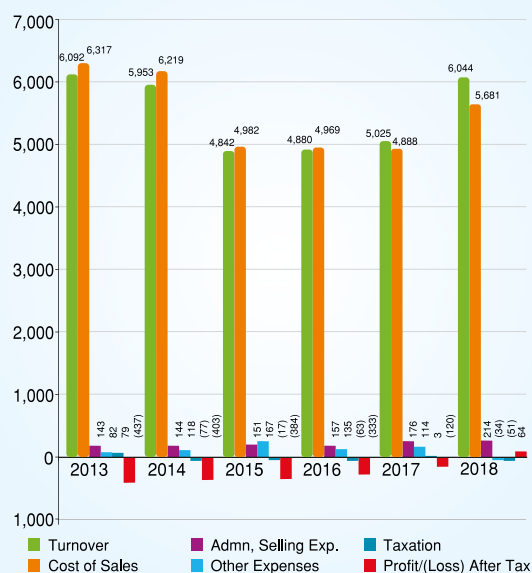
**Production**  
(M. Tons)



**Gross Assets Employed**  
(Rs. in Million)



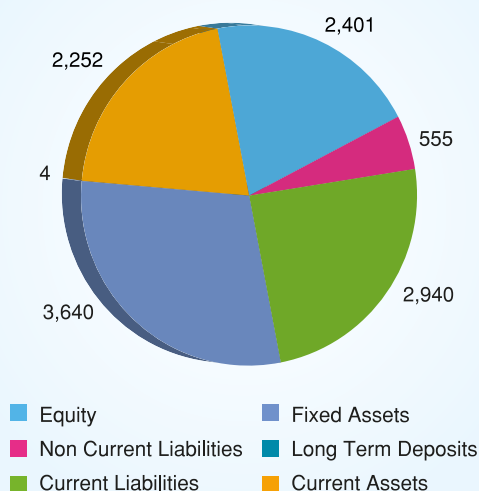
**Profitability**  
(Rs. in Million)



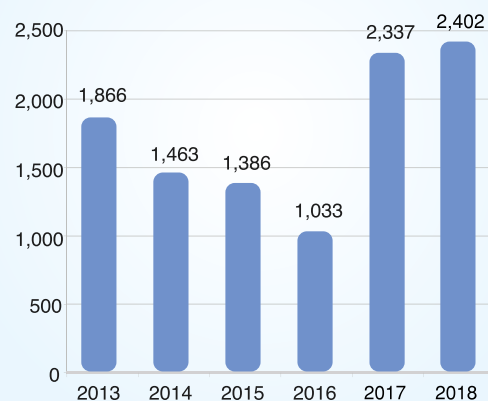


# Graphical Presentation

Financial Position 2018  
(Rs. in Million)



Shareholders Equity  
(Rs. in Million)



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\*Mobile apps are also available for download for android and ios devices

# Chairman's Review

Review Report by the Chairman on Board's overall performance under section 192 of the Companies Act, 2017:

I am happy to report that the Company's financial position has been substantially strengthened during the financial year 2018. The overall performance of the Company for FY 2018 has been described in detail in the Directors' Report. The success of the Company in this transition pose primarily to the policy framework and guidelines of the Board as under:

1. The Company has a well thought of vision, mission and values. The Board revisited the vision and mission statements.
2. The Board set annual targets for the Management in all key performance areas.
3. The Board provided directions and oversight to the Company's business activities.
4. On the guidelines of the Board, the Management carried out several expansion and refurbishing projects during the year.
5. It put in place transparent and robust system of governance, more specifically under the Listed Companies (Code of Corporate Governance) Regulations, 2017.
6. The Board reviewed, discussed and approved business strategy, plan, budgets and financial statements and other reports including internal audit reports. It received clear agendas and supporting written material in sufficient time prior to board and committee meetings. The Board met frequently enough during the year.
7. The Board members offered the diversity and right mix of independent and non-executive directors. Further diversity in compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 will be made after election of the board in the forthcoming annual general meeting.

Nooruddin Feerasta  
Chairman

Lahore: 17 September 2018



# Directors' Report to the Shareholders

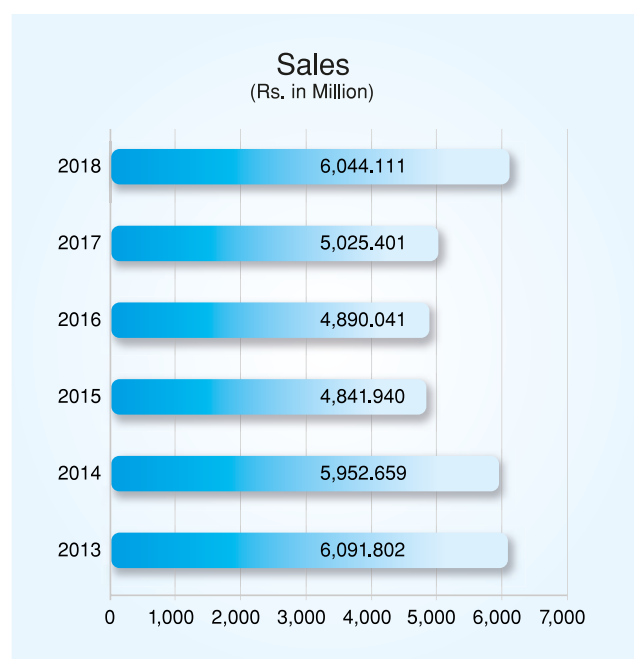
On behalf of the Board of Directors of the Company, we are pleased to welcome you to the thirty-eighth annual general meeting and present the Annual Report and the audited financial statements of the Company for the year ended 30 June 2018 together with the Auditors' report.

## Financial Results:

|  | Rupees in thousand |
|--|--------------------|
| Profit before taxation                           | 115,822            |
| Taxation   | (51,269)           |
| Profit after taxation                            | 64,553             |
| Appropriations –<br>proposed dividend @ 10%      | 34,069             |
|  | Rupees             |
| Earnings (loss) per share –<br>basic and diluted | 1.89               |

## Overview

During the FY 2018, the Company emerged rejuvenated through operational and administrative measures as reflected in the financial results. The imposition of anti-dumping duty and regulatory duty on imports of Polyester Filament Yarn (PFY) from China and Malaysia greatly contributed to improve Company's bottom line. Pursuant to these levies, the demand of local PFY increased substantially owing to its superior quality.



The operating performance of the Company was monitored actively for achieving cost effectiveness and pre-determined targets and goals. Our products attract customers as they keep on adjusting yield mixes of imported and local yarn to maximize their gross margins.

The Company promotes innovative thinking through aspirational target setting. In this approach, stretch targets are fixed for teams of professionals so that they collaborate and come up with innovative ideas to reach as close as possible to the aspirational targets.

Looking into the domestic requirement of Polyester Filament Yarn (PFY) and to cater for the increased demand in the market and to substitute the imported PFY, we have installed a new POY line of latest technology at our plant. The expected cost of this expansion will be over Rs.200 million. This project is in the final stages of its operation and hopefully it will start operation in October 2018. Despite this significant spend, the Company was able to maintain the gross margins during the year. The Company also continues to pursue its strategy of upgrading and refurbishing of its existing core assets.

## Dumped PFY imports

The injury to domestic PFY producers as investigated by the National Tariff Commission has amounted to over 25%. With the imposition of an anti-dumping duty (ADD) last year of 3.25% to 11.35% on polyester filament yarn originating in or exported from China and Malaysia the gap of prices between local products and imported products based on dumped prices has decreased and to some extent has facilitated the domestic industry's growth, although not to full extent of injury of over 25%. However, in repercussion of levy of ADD, the Pakistan Yarn Merchants Association have filed petitions against the implementation of this duty before different forums of the Honourable High Courts and the Honourable Supreme Court of Pakistan.

An SRO 1035(I)/2017 dated 16 October 2017, levying Regulatory Duty on several items including yarn under HS Code 52 was quashed by the Honourable Sindh High Court. Federal Board of Revenue filed an appeal before the Honourable Supreme Court of Pakistan and the Court disposed off the Appeal in favour of FBR.

While the pursuant to dismiss such a petition in the Peshawar High Court remained in favour, the determination of anti-dumping was again challenged in the same Court by some importers. In final Order, the Honourable Peshawar High Court has dismissed

all the petitions. The Court further strictly directed the office that in future similar nature cases shall be placed before the same Bench of this Court to avoid conflicting judgments.

Furthermore, in August 2018, on a petition filed by a yarn merchant before the Lahore High Court Rawalpindi Bench, the Court has granted the ad-interim injunction. The Company has filed an application as intervener and will defend the case as there is a strong base of Court Orders of dismissal of such nature petitions.

There appears to be a misconception that the country's textile exports have suffered due to levy of ADD and RD on PFY. To dispel this impression, we may clarify that the levy of ADD and RD in no way affects the textile exports adversely as is claimed by Pakistan Yarn Merchants Association and some other associations. Some quarters are wrongly proposing for removal of Regulatory Duty on imported PFY without realizing the fact that RD greatly helps in controlling the trade deficit. PFY is used mainly in domestic products and not in export products. Unlike cotton yarn where more than 50% is used in export products, only 15% to 20% of PFY is used in exports and more than two third of this is already imported under DTRE. So 5% duty on PFY does not affect the textile exports. Since more than 60% of the filament yarn requirement was imported with payment of 11% custom duty, it was logical for exporters to approach FBR for updating of the export rebate for polyester filament items based on this import duty impact. However, record will show that no such concerted effort was made by any exporter or exporters' association again supporting our above assertion.

Supporting domestic PFY industry through RD will reduce trade deficit. The RD and anti-dumping duty has allowed the domestic units of PFY to immediately increase their capacity utilization and re-start previously shutdown production lines. The Company is also now expanding its production capacity. The domestic production of PFY is expected to grow to over 110,000 M. Tons to substantially meet the local demand. As such RD has already helped in doubling the domestic production from 60,000 M. Tons when in 2017 RD was imposed to 110,000 M. Tons in 2018-19. If RD is continued, then further expansion lines on the drawing table will be launched increasing domestic production to nearly 150,000 M. Tons or nearly 75% of total domestic requirement of nearly 200,000 M. Tons (excluding the imports under DTRE. This will help to reduce imports for domestic consumption by two third from 140,000 M. tons to 50,000 M. Tons.

It is also worthwhile to note that anti-dumping duties on PFY though imposed in August 2017, were also not made fully effective until beginning of November 2017 due to court cases. Had the duty been imposed 4 years ago, the opportunity cost that is a burden on every domestic producer would have resulted in expansion and growth for the industry and Pakistan's GDP. Due to this injury, imports of substitute goods via some bill have to be regulated to meet local demands by way of rationalization and rehabilitation of unutilized / under-utilized capacities or producing facilities.

As stated earlier, both Chinese and Malaysian filament yarn producers are heavily involved in dumping of their product as evidenced by the increase in overall PFY imports month over month. Despite the levy of a 5% regulatory duty (effectively 4% as 1% additional customs duty was removed) and an increase in Raw Material prices, the average C&F price at which PFY has been imported has decreased month over month reflecting a dire need for the NTC to intervene in order to save the local PFY industry from complete annihilation.

### **High Energy Tariffs**

The availability of RLNG in the country's gas supply network has greatly eased out the energy shortfalls. However, there is a big anomaly in gas taxes within provinces. The cost of power is a short-term market shock that is dependent on gas prices, however the prices are not in anyone's favour for the long run. We are charged in Punjab RLNG price Rs.1,600 per MMBTU at present as against Rs.600 per MMBTU of natural gas available to Sindh-based industry. This difference escalates our manufacturing cost. Government should ease-out the cost of doing business for Punjab by removing this gas tariff anomaly.

### **OEKO Certification**

Imported raw materials, advanced production equipment and professional and technical talents contribute to produce our high quality products. Our products (PFY) have passed the human-ecological requirements OEKO-TEX® STANDARD 100.

### **Pak Rupee devaluation**

Another threat out of control is the Pak Rupee devaluation. Since December 2017, the Rupee has tumbled against the US dollar by over 17 percent – this will further make imports expensive and the cost-escalated raw materials will impact our manufacturing costs disproportional to the selling prices in the market.



Effective 16 July 2018, interest rates have been raised from 6.5 to 7.5 percent which is the biggest push in preceding many years. This will increase our finance cost.

### Better now but challenges ahead

Textile sector has depicted a period of recovery in FY18, however, we highlight the long term challenges including i) emerging threats of PFY dumping, ii) aggressive growth inducing policies by the Indian government, iii) regional competition in regard to lower wage rate and power tariffs and iv) ongoing water crisis, that can potentially undermine the performance of textile sector in the long term. On the flip side, the sector has finally picked up its pace in FY18 after witnessing multiple depressed years. We expect the sector to continue its positive momentum in the medium term following i) PKR/USD depreciation and ii) extension of textile incentive package for another 3 years. However, the government needs to address the long term challenges to the sector on a priority basis to maintain the competitiveness of domestic industry.

### Sales Tax Refunds

Our huge funds are stuck up with the Government on account of sales tax refunds which are unnecessarily increasing financial cost and affecting liquidity of the Company. Gas Infrastructure Development Cess (GIDC) is still a big threat to the industry. The matter is pending before Sui Northern Gas Pipelines Limited (SNGPL) as per the directions of the Honourable Lahore High Court. The GIDC Act needs to be abolished forthwith.

### Raw Material Prices

Raw material prices increased constantly during the financial year 2017-18. PTA price in August 2017 was US\$ 670.00 per M. Ton which showed upward trend and in August 2018, it increased to US\$ 920.00 per M. Ton. Similarly, MEG price which in May 2017 was US\$ 725.00 M. Ton went up to Rs.1,075 per M. Ton in May 2018.

In Finance Act 2018, Additional Customs Duty on PTA and MEG has been increased from 1% to 2%.

### Sales Revenue and Profits

Sales volume of PSF and PFY in the year 2018 remained high with sales of last year. Our marketing campaign largely contributed to boost sales, however, downstream consumers sometime showed reluctance to absorb more feedstock because of slow market response under stiff competition with imported cloth and fabrics.

Sale revenues for the year ended 30 June 2018 increased to Rs.6,044.11 million from Rs.5,025.40 million for the FY 2017. Gross profit increased to Rs.363.19 million from gross profit of Rs.137.70 million FY 2017. Operating profit clocked to Rs.234.69 million against operating loss of Rs.9.38 million in last year. Finance cost slightly increased to Rs.118.87 million from Rs.113.68 million mainly because of utilization of financing for expansion projects. We earned a profit before tax of Rs.115.82 million against before tax loss of Rs.123.06 million in the FY 2017. After tax loss of Rs.120.08 million in FY 2017 turned around to net profit after tax amounting to Rs.64.55 million.

### Future Outlook

The future of an Industry lies in the favourable business and protection policies of the government aimed at curbing injurious practices of illegal imports into the country, which are hazardous for the domestic industry.

Brent showed rising trend on widespread perceptions that the global oil market is tightening and could run short in the next few months on US sanctions restricting crude exports from Iran. Oil markets would struggle for direction, as uncertainty caused by the Iranian sanctions and escalating trade tensions between the U.S. and China persists.

In recent past, the dollar hit high against a basket of major currencies. State Bank of Pakistan has imposed condition of hundred percent cash margin against some specific imports. This will adversely affect our raw material imports which are normally imported under usance LCs under 90 days deferred payments.

Gas and furnace oil prices are very high. They will further increase our manufacturing cost. According to the International Monetary Fund, the global economy is expected to grow at ~3.4% in Financial Year 2018-19. This is due to the fact that slowdown in production in China and Malaysia is expected to be more than offset by recovery of the developed economies and growth in South-East Asia. However, currency movements and interest rates pose risks for growth in many regions. Developed economies are expected to grow moderately. This situation is expected to help in the area of Pakistani exports including textile exports.

Further, movement of currencies against US\$ would also have a significant impact on the movement of PSF and PFY raw material prices. Cyclical macro parameters like inflation, international oil prices will impact domestic manufacturing. The Pakistani

economy is in the midst of significant structural change and is expected to embark on a sustained economic growth cycle. However, this economic growth will depend on steady implementation of reforms aimed at improving productivity and competitiveness. Government initiatives to curb unnecessary imports will stimulate manufacturing growth while its focus on infrastructure should revive the investment cycle. This should help Pakistan grow while being fiscally prudent.

The CPEC projects are going on with full swing with financial and technical collaboration of China which has opened vistas for infrastructure and industrial development in the country. It is imperative that the government should closely monitor the financial and other impacts on country's economy in derivative analysis against the initial objectives. The government should also ensure that interest of domestic industry is not jeopardized or leveraged in any form.

The Company is operating in the domestic PSF and PFY industry with a growth-oriented strategy and will continue to focus on the same in the coming years. Almost 100% of the products are sold in the domestic market. While the Company has customers and customer groups all across Punjab, the concentration of the overall sales is mostly in the southern and northern parts of the country.

The Company's branded products have a country wide reach and recognition to serve majority of central Punjab consumers annually through a pan Punjab distribution network, focused on delivering a distinct

consumer experience. Currently we have a network of distributors retailing our products.

The Company sees scope for improved sales in future as it continues to work on the precision of its production and delivery performance.

The Company is also making significant investment towards infrastructure and building greater safe operational environments.

Since the last many years an irony has emerged at the domestic industry of the country rendering its huge infrastructural investment almost unutilized. This critical area has been ignored by the concerned authorities, with the result that the domestic industry has not been able to deliver at the level of its potentiality. The country's industry has the essential caliber, resources and professionalism to expand its facilities as per the growing needs of the consumers. Instead of boosting domestic products, goods from China, Malaysia, Korea and other regional countries have been allowed which have penetrated into our markets, thus crippling the domestic industry and has given rise to competitive environment. Local industrialists are not adequately encouraged by way of sovereign protection enabling them to channelize further investments in developing the infrastructure and creating employment opportunities.

### **Risk Management**

The Company is exposed to inherent uncertainties owing to the sectorial factors. A key factor in determining



a Company's capacity to create sustainable value is the risks that the Company is willing to take at strategic and operational levels and its ability to manage them effectively. Many risks exist in a Company's operating environment and they emerge on a regular basis. The Company's Risk Management process focusses on ensuring that these risks are identified on a timely basis and addressed.

The Board of Directors has overall responsibility for the overseeing of risk management process. It ensures that decision-making is aligned with the Company's strategies and risk appetite. The Board receives regular updates on the key risks of the Company both in operational and financial areas.

Risk management process includes periodic review of all risks areas by the Chief Executive Officer and the senior management who are responsible for the day to day risk management functions under the oversight of the Board.

The Board advises the Management to further strengthen the overall risk management framework in production and marketing related risks and other significant areas through a robust mechanism to estimate the potential impact of extreme events on the Company's earnings, balance sheet, capital and liquidity.

### Board of Directors

Current members on the Board of Directors will end their term on 30 October 2018 and election of Directors for next term of three years will be held in the forthcoming annual general meeting. The number of Directors fixed by the Board is eight ( 8 ).

Board determines the appropriate characteristics, skills and experience for the Board as a whole and its individual members with the objective of having a Board with diverse backgrounds and experience in business, government, education and public service. Characteristics expected of all Directors include independence, integrity, high personal and professional ethics, sound business judgment, ability to participate constructively in deliberations and willingness to exercise authority in a collective manner.

The remuneration policy of Non-Executive Directors including Independent Directors shall be determined by the new Board pursuant to election in the forthcoming annual general meeting.

### Remuneration of Directors:

Following are the aggregate amounts of salary / fee and other perquisites of the present Board for FY-2018:

| Directors' category   | Number  | Aggregate amount of salary and fee | Other perquisites  |
|---|---|------------------------------------|--|
| Executive Directors:<br>One CEO<br>(Mr. Nooruddin Feerasta) | Two<br>(Chief Executive and one Executive Director) | NIL                                | Chief Executive Officer is drawing no salary since his first appointment except company car. |
| Executive Director<br>(Mr. Abdul Hayee)                     |   | Rs.5.85 million                    | Nil  |
| Independent Director  | One   | Nil                                | Nil  |
| Non-Executive Directors                                     | Four  | Nil                                | Nil  |

The remuneration policy will be reviewed by the new Board to be composed pursuant to election of directors in the forthcoming annual general meeting.

### Auditors

The present auditors, M/s. Qavi & Co., Chartered Accountants retire and being eligible offers themselves for re-appointment.

The Board has received recommendations from its Audit Committee for re-appointment of M/s. Qavi & Co., Chartered Accountants as Auditors of the Company for the year 2018-19.

### Dividend

The Board has recommended a final cash dividend @ 10% i.e. Re.1.00 per share of Rupees Ten each.



### Pattern of Shareholding

A statement showing the pattern of shareholding in the Company as at 30 June 2018 appears on Page 79.

### Other Disclosures

The Company's performance has been sufficiently elaborated in earlier parts of this Report of the Directors, however, the specific disclosure of some mandatory constituents are explained hereunder in terms of the provisions of Section 227 of the Companies Act, 2017 and Code of Corporate Governance 2017 and Rule Book of Pakistan Stock Exchange Limited:

- During the financial year ended 30 June 2018, following were the directors of the Company. Total number of Directors: 7 (all male. Female to be inducted in next composition pursuant to election in forthcoming AGM).

| Category                   | Names  |
|----------------------------|--|
| a) Independent Director    | Mr. Sultan Ali Rajwany   |
| b) Non-Executive Directors | Mr. Muhammad Rashid Zahir<br>Mr. Muhammad Ali Sayani<br>Mr. Shehzad Feerasta<br>Mr. Zeeshan Feerasta |
| c) Executive Directors     | Mr. Nooruddin Feerasta<br>Mr. Abdul Hayee  |

### Committees of the Board

#### Audit Committee

- |                              |          |                          |
|------------------------------|----------|--------------------------|
| 1. Mr. Sultan Ali Rajwany    | Chairman | (Independent Director)   |
| 2. Mr. Muhammad Rashid Zahir | Member   | (Non-Executive Director) |
| 3. Mr. Zeeshan Feerasta      | Member   | (Non-Executive Director) |

#### H.R and Remuneration Committee

- |                           |          |                           |
|---------------------------|----------|---------------------------|
| 1. Mr. Sultan Ali Rajwany | Chairman | (Independent Director)    |
| 2. Mr. Nooruddin Feerasta | Member   | (Chief Executive Officer) |
| 3. Mr. Zeeshan Feerasta   | Member   | (Non-Executive Director)  |

- The principal activities of the Company remained consistent as manufacture and sale of synthetic products. There were several developments during the year under review including setting up of a latest technology machine for POY production and refurbishment of manufacturing lines with the aim of cost-cutting. The operational performance remained satisfactory managed with team of professionals.

Strategic review was undertaken through monitoring of marketing trend for monthly production plans was focused to ensure uninterrupted supply to meet the downstream demands.

- Dumped imports of low quality from China and Malaysia of posed hazardous and potential risks are still encountered by the Company and market's uncertain behavior inhibited the production targets.
- There has been no change in nature of the Company's business.
- The external auditors have issued unqualified audit report for the year ended 30 June 2018.
- Rupali Polyester Limited is not a foreign company and has no holding or subsidiary company.
- Pattern of shareholding as on 30 June 2018 is annexed.
- The earning per share at the year end was Rs.1.89
- The factors contributed in turnaround from loss incurred during the year 2017-18 have been elaborated in this Report. Several measures were taken during the year by the Company Management under guidance of the Board of Directors to serve as economic tools to make the unit profitable and we are moving forward gradually towards that direction as is evident from the financial results. The top and bottom line results during the year under review have shown profits and turnaround from loss situation.
- The Company's historical debt repayments and servicing record is excellent and its Management never allowed a situation to arise which may cause default in repayment of debt.
- The Company's internal controls are strong. The Company has implemented sound systems and controls in all spheres of operational and commercial activities with check & balance for regular monitoring. The purchase procedures and SOPs are also sound and the checks and controls are ensured at every stage. This system is functioning smoothly and successfully with no element of delay in meeting requirements as per the delivery schedules. The SOPs of various activities are regularly reviewed and bottlenecks removed for improvements where required for smooth system functioning.



- There has occurred no material changes and commitments materially affecting the financial position of the Company between the end of the financial year of the Company i.e. 30 June 2018 and the date of the report. However, the results will be under pressure in coming periods by virtue of Pak Rupee devaluation against US Dollar.
- The Company's business which suffered setback in previous few years has now come out of the losses and is moving steadily towards revival and growth. The overall unfavorable market conditions include dumping of low-cost PSF, PFY and cloth from the regional countries. Raw material prices are on the higher side which may affect the Company's margins in future periods. Large funds are stuck up with the Government on account of refund claims.
- The Company's business operations have no adverse impact on environment. The outlets of waste water, emissions, gases etc. are kept under the environmental protection parameters and procedures and controls.
- The Company fulfills its Corporate Social Responsibilities by way of donations to various deserving educational institutions and hospitals.
- Significant and Material Orders Passed by the Regulators or Courts: There have been no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations.

#### Related party transactions

The Company executes transactions with following associated companies, related parties in its ordinary course of business on arm's length basis:

- Rupafil Limited
- Spintex Limited
- Soneri Bank Limited
- Rupali Nylon (Pvt.) Limited

The shareholders in its meeting held on 27 October 2017 had given approval through special resolution for transactions to be consummated with related parties during the year 2017-18. The Board of Directors have duly approved/ratified the transactions made in FY 2018 with above related parties.

#### Disclosure Requirements as per Listing

##### Regulations / Corporate Governance Regulations

Good Corporate Governance has always been the focal point of the Board of Directors of the Company. We are happy to report that your Company by the Grace of ALLAH, meets the standard set in the guidelines for good corporate governance and is in compliance with the relevant regulations. At Rupali Polyester Limited we ensure that we evolve and follow the corporate governance guidelines and best practices sincerely to not just boost long-term shareholder value, but to also respect minority rights. We consider it our inherent responsibility to disclose timely and accurate information regarding our financials and performance, as well as the leadership and governance of the Company. In accordance with the vision set by the Board, the Company aspires to be the global Polyester industry benchmark for value creation and corporate citizenship.

The Company expects to realize its Vision by taking such actions as may be necessary in order to achieve its goals of value creation, safety, environment and people. The Auditors' Report regarding compliance of conditions of Corporate Governance are made part of the Annual Report.

During the year, the Company took several initiatives in various aspects of sustainability. At the strategic level, the Company embarked on a scenario planning exercise to envision the future, looking at economic, regulatory and stakeholder scenarios in order to develop our next vision and action plans. Environmental and Regulatory aspects in the Objectives and Strategies of the Company: In order to derive the various aspects of sustainability in a more focused way, the Company put together consolidated governance mechanisms with clear demarcation of roles between the Board, its Committees and the Management. During the year, the capital projects for environment have progressed significantly. Following specific statements are being given hereunder:

The Company has initiated steps of energy conservation and has replaced all office and street lights at the plant with LED lights to improve energy efficiency. Our environment research team in R&D has been working on projects to reduce the environmental impact of our operations while improving resource efficiency. We are happy to report that the Company has gained a lot of improvement as a result of its efforts.

Human Resource Management adopts key decisions not just with respect to Human Resource but businesses as a whole. It focusses on improving the way of life, work culture, employee engagement, productivity, effectiveness and efficiency. During the year, several employee centric policies were launched to cater to the needs of the work force and also to keep the Company up to date with external realities.

Policies like adoption leave, physical and emotional well-being, and professional counseling services were launched in the interest of the employees' changing needs. The Company initiated multiple actions to keep the workforce engaged. Actions are being taken to increase professional diversity, providing greater amenities for contractor workforce, improving employee skills and enhancing employee productivity. In addition, policies are being implemented to support affirmative action through training and enabling employment.

- The Company has maintained its books of account as per statutory requirements.
- The Company's financial statements fully present state of affairs fairly, its results of operations, cash flows and changes in equity.
- Appropriate accounting policies and applicable International Accounting Standards and International Financial Reporting Standards were applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment and any departures there from have been adequately disclosed and explained.
- There is no inconsistency in these policies and no material departure from the best practices of corporate governance is allowed.
- These accounts have been prepared on going concern basis and the Management is satisfied regarding going concern status of the Company.
- The system of internal controls of the Company is significantly sound in design and has been effectively implemented and monitored.
- Plant operations remained normal throughout the year. However, the dumped imports from China, Malaysia and India put adverse impact on our results. The reasons for impact on operating results have been highlighted and explained.

- There is no statutory payment on account of taxes, duties, levies and charges outstanding other than those in normal business related transactions.
- Company is neither in default nor likely to default any loans, short term borrowings or any sort of debt instruments.

#### **Investment of Provident Fund**

The value of investment in Provident Fund Trust Account inclusive of profit accrued:

| (Rupees in thousand)        |                           |
|-----------------------------|---------------------------|
| 30 June 2018<br>(Unaudited) | 30 June 2017<br>(Audited) |
| 25,662                      | 26,007                    |

#### **Audit Committee Meetings and Attendance by each member**

Total number of Audit Committee Meetings held during the year under review: 4

#### **Attendance by each Member:**

|                              |          |   |
|------------------------------|----------|---|
| 1. Mr. Sultan Ali Rajwani    | Chairman | 2 |
| 2. Mr. Muhammad Rashid Zahir | Member   | 4 |
| 3. Mr. Zeeshan Feerasta      | Member   | 4 |



### H.R and Remuneration Committee Meetings and Attendance by each member

Total number of HR and Remuneration Committee Meetings held during the year under review: 4

#### Attendance by each Member:

|                           |          |   |
|---------------------------|----------|---|
| 1. Mr. Sultan Ali Rajwany | Chairman | 2 |
| 2. Mr. Nooruddin Feerasta | Member   | 4 |
| 3. Mr. Zeeshan Feerasta   | Member   | 4 |

### Board Meetings held and Attendance by each Director

Total number of Board Meetings held during the year under review: 4

#### Attendance by each Director:

|  |   |
|--|---|
| 1. Mr. Nooruddin Feerasta<br>(Chief Executive Officer)     | 4 |
| 2. Mr. Muhammad Rashid Zahir<br>(Non-executive)            | 4 |
| 3. Mr. Muhammad Ali Sayani<br>(Non-executive)              | 4 |
| 4. Mr. Sultan Ali Rajwany<br>(Independent & Non-executive) | 2 |
| 5. Mr. Shehzad Feerasta<br>(Non-executive)                 | 3 |
| 6. Mr. Zeeshan Feerasta<br>(Non-executive)                 | 4 |
| 7. Mr. Abdul Hayee<br>(Executive)                          | 4 |

### Corporate Social Responsibility (CSR)

Your Company attaches high priority to its social responsibilities and is committed to the highest standards of corporate behavior. The Company's CSR responsibilities are fulfilled through selective monetary contributions in the areas of health care, education, environmental protection, water and sanitation, child welfare, infrastructure development and other welfare activities subject to availability of surplus funds. Our CSR activities include contributions to hospitals and welfare programs engaged in assisting under-privileged patients, students and children of various special needs.

### Code of Conduct

As a part of continuous adherence to best practices of corporate governance, Rupali Polyester Limited believes in widely disseminating its values and ethics for strict adherence by all employees, contractors, suppliers and others associated with business of the Company. Our commitment to encouraging ethical and responsible practices is demonstrated by the fact that the Company had a comprehensive Code

of Conduct in place well before the introduction of this requirement in 2002. The Code of Conduct of the Company is reviewed periodically and we ensure compliance at all levels. Furthermore, upon joining the Company, all employees are required to read and understand the Code of Conduct for strict compliance which demonstrate Company's best corporate governance in practice.

### Whistleblowing Policy

Rupali Polyester Limited has a well defined Whistleblowing Policy. Any cases where the Code of Conduct has been violated, and to help facilitate strict adherence to it, employees have access to a whistleblowing protocol. Through this programme, any employee can confidentially report suspected breach of ethics and Code of the Company by way of anonymity. Any complaints if received are thoroughly investigated to a logical end. This process is overseen by the Board Audit Committee as well as the Board.

### Health, Safety and Environment

The Company is strongly committed towards all aspects of maintaining a safe and healthy environment, for our business operations as well as affiliated organizations.

The Company fully recognizes safety as a key component of operational excellence and gives vital importance to the training of employees and contractors. We also try to enhance safety awareness and actively incorporate best practices for the industries overall operational set-up.

Our commitment to environment, health and safety is manifested in our operational activities as no major accident was reported in the year 2018.

There was no reportable occupational illness from our employees or contracted manpower in 2018. Proper fumigation and treatment against viral spread is regularly carried out at plant site and offices.

### Labor Management Relations

Like previous years, cordial relations were maintained between the Management and the labor force. We wish to extend our appreciation for their dedication and hard work demonstrated at every level for the progress and growth of the Company.

### Approval of Financial Statements

The financial statements for the year 2018 prepared as per provisions of Companies Act, 2017 were approved and authorized for their issuance by the Board of Directors on 17 September 2018.

### Approval of the Directors' Report and Compliance Statement

The Board of Directors approved the Directors' Report and statement of compliance on 17 September 2018 and authorized their issuance.

### 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 Departments of Customs, Central Excise 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:  
17 September 2018





### کارپوریٹ سماجی ذمہ داری (CSR)

آپ کی کمپنی سماجی ذمہ داریوں کو بہت ترجیح دیتی ہے اور کارپوریٹ رویے کے اعلیٰ ترین معیارات پر کاربند ہے۔ کمپنی کی CSR ذمہ داریاں صحت، تعلیم، ماحولیاتی تحفظ، پانی اور حفظان صحت، بچوں کی بہبود، بنیادی ڈھانچے کی ترقی اور دیگر فلاحی سرگرمیوں، اضافی فنڈز کی دستیابی سے مشروط منتخب مالی شرکت سے پوری ہوتی ہیں۔ ہماری CSR سرگرمیوں میں اسپتالوں کے تحت مراعات یافتہ مریضوں، طلبہ اور مختلف خصوصی ضروریات کے حامل بچوں کی مد میں مصروف تعلیم کے پروگرام کا حصہ شامل ہے۔

### صحت، حفاظت اور ماحول

کمپنی سختی سے محفوظ اور صحت مند ماحول کو برقرار رکھتے ہوئے اپنے کاروبار کی کاروائیوں کے ساتھ ساتھ وابستہ تنظیموں کے لئے تمام پہلوؤں کی جانب مصروف عمل ہے۔ حفاظتی پہلوؤں کو نہایت اہم سمجھتے ہوئے اس کا کام آدراک رکھتی ہے اور آپریشنل عملگی کے لئے اپنے ملازمین اور ٹھیکے داروں کی ضروری تربیت کو نہایت اہمیت دیتی ہے۔ ہم سلامتی سے متعلق آگہی بڑھانے اور فعال طور پر صنعتوں کی مجموعی طور پر آپریشنل سیٹ اپ کے لئے بہترین طریقوں کو شامل کرنے کے لئے کوشاں ہیں۔

### سپر مینجمنٹ تعلقات

گزشتہ سالوں کی طرح مینجمنٹ اور افرادی قوت کے درمیان خوشگوار تعلقات برقرار رکھے گئے۔ ہم ان کی لگن اور کمپنی کی مزید ترقی کے لیے ہر سطح پر نظر آنے والی محنت کا اعتراف اور تعریف کرتے ہیں۔

### مالیاتی گوشواروں کی منظوری

مالی گوشوارے برائے سال ۲۰۱۸ کمپنیوں کے قانون مجریہ ۲۰۱۷ کے تحت بنائے گئے کی منظوری ۷ اکتوبر ۲۰۱۸ء ہونے والے بورڈ آف ڈائریکٹرز کے اجلاس میں دی گئی اور ان کے اجراء کے لیے اختیار دیا گیا تھا۔

### ڈائریکٹرز رپورٹ اور تعمیل کا بیان

ڈائریکٹرز رپورٹ اور تعمیل کے بیان کی منظوری بورڈ آف ڈائریکٹرز نے اپنے ۷ اکتوبر ۲۰۱۸ء کو ہونے والے اجلاس میں دی۔

### اظہار تشکر

ڈائریکٹرز، خزانہ، صنعتوں پیداوار اور معاشی امور کی وزارت، تجارت، مواصلات اور وزارت ٹیکسٹائل کے تعاون کے لئے اظہار تشکر کرنا چاہتے ہیں۔ ہم وفاقی بورڈ آف ریونیو، سکسٹر، 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 قابل قدر گاہکوں کے شکر گزار ہیں اور ان کے ساتھ کاروباری تعلقات میں وسعت کی امید رکھتے ہیں۔ ہمارے اسٹیک ہولڈرز کے ہم پراعتماد 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۔

منجانب بورڈ آف ڈائریکٹرز:

شہزاد فیراستہ  
ڈائریکٹر

نور الدین فیراستہ  
چیف ایگزیکٹو آفیسر

لاہور:

۱۷ ستمبر ۲۰۱۸

- مالیاتی گوشواروں کی تیاری میں ایسے بین الاقوامی فنانشل رپورٹنگ اسٹینڈرز کے استعمال کو یقینی بنایا گیا ہے، جو پاکستان میں لاگو کیے گئے ہیں۔
- یہ حسابات کمپنی بحیثیت ایک چلتا ہوا کاروباری ادارہ کی بنیاد پر بنائے گئے ہیں اور کمپنی انتظامیہ اس حیثیت پر مکمل طور پر مطمئن ہے۔
- اندرونی کنٹرول کا نظام بہترین اور موثر انداز میں مرتب اور لاگو کرتے ہوئے اس کی نگرانی کی جاتی ہے۔
- موجودہ حالات میں کمپنی کی قابلیت پر کوئی شکوک و شبہات نہیں ہیں۔

### پراویڈنٹ فنڈ کی سرمایہ کاری

پراویڈنٹ فنڈ ٹرسٹ اکاؤنٹ کی سرمایہ کاری بشمول جمع شدہ منافع مندرجہ ذیل ہے:

|                |             |
|----------------|-------------|
| ۳۰ جون ۲۰۱۸    | ۳۰ جون ۲۰۱۷ |
| ---            | ---         |
| (غیر پڑتا شدہ) | (پڑتا شدہ)  |
| ۲۵,۶۶۲         | ۲۶,۰۰۷      |

### اجلاسوں میں شرکت کی تفصیل

#### محاسبی کمیٹی

| کل اجلاس | نام رکن                              | کتنے اجلاسوں میں شرکت کی |
|----------|--------------------------------------|--------------------------|
| ۳        | ۱۔ جناب سلطان علی راجوانی (چیئر مین) | ۲                        |
| ۳        | ۲۔ جناب محمد رشید طاہر (ممبر)        | ۳                        |
| ۳        | ۳۔ جناب ذیشان فیراستہ (ممبر)         | ۳                        |

#### انسانی وسائل کی کمیٹی

| کل اجلاس | نام رکن                              | کتنے اجلاسوں میں شرکت کی |
|----------|--------------------------------------|--------------------------|
| ۳        | ۱۔ جناب سلطان علی راجوانی (چیئر مین) | ۲                        |
| ۳        | ۲۔ جناب نور الدین فیراستہ (ممبر)     | ۳                        |
| ۳        | ۳۔ جناب ذیشان فیراستہ (ممبر)         | ۳                        |

#### بورڈ آف ڈائریکٹرز

| کل اجلاس | نام رکن   | کتنے اجلاسوں میں شرکت کی |
|----------|---|--------------------------|
| ۳        | ۱۔ جناب نور الدین فیراستہ (چیف ایگزیکٹو آفیسر)    | ۳                        |
| ۳        | ۲۔ جناب محمد رشید طاہر (غیر-ایگزیکٹو)             | ۳                        |
| ۳        | ۳۔ جناب محمد علی سیانی (غیر-ایگزیکٹو)             | ۳                        |
| ۳        | ۴۔ جناب سلطان علی راجوانی (آزاد اور غیر-ایگزیکٹو) | ۲                        |
| ۳        | ۵۔ جناب شہزاد فیراستہ (غیر-ایگزیکٹو)              | ۳                        |
| ۳        | ۶۔ جناب ذیشان فیراستہ (غیر-ایگزیکٹو)              | ۳                        |
| ۳        | ۷۔ جناب عبدالحی (ایگزیکٹو)                        | ۳                        |

- مالی سال ختمہ ۳۰ جون ۲۰۱۸ کے دوران ڈائریکٹران میں کوئی تبدیلی نہیں تھی۔ ڈائریکٹران کے اہماء یہ ہیں۔

| کیئگری                    | اہماء   |
|---------------------------|---|
| ۱۔ آزاد ڈائریکٹر          | جناب سلطان علی راجوانی  |
| ب۔ غیر ایگزیکٹو ڈائریکٹرز | جناب محمد رشید ظاہر<br>جناب شہزاد فیراستہ<br>جناب ذیشان فیراستہ |
| ج۔ ایگزیکٹو ڈائریکٹرز     | جناب نور الدین فیراستہ<br>جناب عبدالحی                          |

کمپنی کا پرنسپل کاروبار تسلسل سے جاری رہا۔ سال رواں میں کمپنی پیداواری لاگت کم کرنے کے لیے اہم اقدامات کئے جن میں POY کی توسیع شامل ہے۔ مارکیٹ کے رجحان کا باقاعدہ جائزہ لے کر ماہانہ پروڈکشن پلان بنائے گئے اور اپنے گاہکوں کی مانگ پورا کرنے کیلئے ترسیل مصنوعات کو یقینی بنایا۔ آپریشنل کارکردگی بہت ہی بہتر رہی۔

- بورڈ ممبران اور کمپنی مینجمنٹ درپیش مسائل سے بخوبی آگاہ ہیں اور اہم اقدامات تدریجی مراحل میں اٹھائے جا رہے ہیں جس سے کمپنی کی سرگرمیوں اور مالی امور میں نمایاں تبدیلی آئی ہے۔

- کمپنی مینجمنٹ ادا نیگیوں میں نہایت اصول پرست ہے اور اس ضمن میں ایک اعلیٰ سا کھ کی حامل ہے ادائیگی میں بلا جواز تاخیر کبھی رونما نہیں ہوئی۔

- کمپنی کے اندرونی کنٹرول اعلیٰ معیار پر بنائے گئے ہیں جن پر سختی سے عمل ہوتا ہے۔

- کمپنی کے امور میں سال ختمہ ۳۰ جون ۲۰۱۸ سے اب تک کوئی ایسی تبدیلی رونما نہیں ہوئی جو کہ مالی حالت میں کسی بڑی تبدیلی کی عکاس ہوں۔ البتہ درآمد ہونے والے پولی ایسٹریارن پرائیڈی ڈیوٹی لگنے سے اس مدت میں مالی نتائج میں بہتری دیکھنے میں آئی ہے۔

- کمپنی کے کاروبار سے ماحولیات پر کوئی مضر اثر نہیں پڑ رہا اور ماحولیات کی تحفظ کے اصولوں کو مدنظر رکھا جاتا ہے۔

- کمپنی اپنی CSR ذمہ داریوں سے بخوبی آگاہ ہے اور اس مدت میں وقفہ وقفہ مختلف مستحق اداروں سے مالی تعاون کرتی رہتی ہے۔

### متعلقہ پارٹیوں سے لین دین

متسلک کمپنیوں اور متعلقہ پارٹیوں سے کئے گئے لین دین کو بورڈ آف ڈائریکٹرز کے سامنے پیش کیا جاتا ہے۔ سال ۲۰۱۸ میں کیے جانے والے لین دین کو حصص داران کے ہونے والے سالانہ اجلاس میں برائے منظوری پیش کیا جا رہا ہے۔

### کوڈ آف کارپوریٹ گورننس / اسٹیک قوانین کے تحت خصوصی تفصیلات

اعلیٰ معیار کی گورننس کمپنی کے بورڈ آف ڈائریکٹرز کیلئے ہمیشہ بہت اہم رہی ہے اور ہمیں یہ کہتے ہوئے خوشی و اطمینان ہو رہا ہے کہ کمپنی اللہ کے فضل و کرم سے اچھی کارپوریٹ گورننس کے لئے وضع کئے گئے معیاروں پر پورا اترتی ہے اور متعلقہ قواعد و ضوابط پر عمل کی حامل ہے۔ اس ضمن میں درج ذیل مخصوص بیانات واضح کیے جا رہے ہیں۔

- کمپنی کی جانب سے تیار کردہ مالیاتی گوشوارے، اس کے معاملات کی حالت، آپریٹنگ نتائج، پیسے کے بہاؤ اور مالک یہ (Equity) میں تبدیلی کی نشاندہی کر رہے ہیں۔

- کمپنی کی جانب سے حسابات کی کتب باقاعدہ درست انداز میں مرتب کی گئی ہیں۔

- مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا متواتر استعمال اور اکاؤنٹنگ کا تخمینہ معقول اور دانشمندانہ فیصلے کے مطابق کیا گیا ہے اور ان کے عدم عمل (اگر کوئی ہے تو) کی مناسب تفصیلات بتادی گئی ہیں۔

### بورڈ آف ڈائریکٹرز

موجودہ ممبران ۳۰ اکتوبر ۲۰۱۸ کو اپنی مدت پوری کریں گے اور اگلی مدت کے لئے ڈائریکٹران کا انتخاب ہونے والے سالانہ اجلاس میں ہوگا۔ بورڈ ممبران نے بورڈ کا نمبر آٹھ (8) متعین کیا ہے۔ ۳۰ اکتوبر ۲۰۱۵ کو ہونے والے انتخابات کے بعد بورڈ کے مرکب میں کوئی تبدیلی رونما نہیں ہوئی۔

بورڈ آف ڈائریکٹرز فراہم ممبران اور مجموعی طور پر بورڈ کے لئے مناسب خصوصیات، مہارت، تجربہ کا تعین کرتا ہے اس مقصد کے تحت کہ ممبران بورڈ مختلف النوع تجربہ کے حامل ہوں اور اعلیٰ پیشہ وارانہ اخلاقیات، ایمانداری اور بہترین قوت فیصلہ اور فکری آراء کے حامل ہوں۔

اگلے سالانہ اجلاس میں تشکیل پانے والا بورڈ ڈائریکٹران کے معاوضہ کا تعین کرے گا۔

### ڈائریکٹران کا مشاہرہ

تفصیل برائے مجموعی رقم برائے سال ۲۰۱۸ ذیل میں دی گئی ہے۔

| ڈائریکٹرز کی سیٹری   | تعداد   | مجموعی رقم          | دیگر مراعات  |
|--|---|---------------------|--|
| ایگزیکٹو ڈائریکٹرز:<br>ایک چیف ایگزیکٹو آفیسر<br>(جناب نور الدین فیراستہ)<br>ایگزیکٹو ڈائریکٹر<br>(جناب عبدالحی) | دو<br>(چیف ایگزیکٹو اور ایک<br>ایگزیکٹو ڈائریکٹر) | -<br>۵.۸۵ ملین روپے | چیف ایگزیکٹو آفیسران کی پہلی تقرری<br>سے اب تک کوئی تنخواہ نہیں لے رہے<br>سوائے کمپنی کار کے۔<br>- |
| آزاد ڈائریکٹر  | ایک   | -                   | -  |
| غیر ایگزیکٹو ڈائریکٹرز   | چار   | -                   | -  |

معاوضہ پالیسی پر نیا بورڈ دوبارہ نظر ثانی کرے گا۔

### محاسب

موجودہ محاسب میسرز قوی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس اپنے تقرری کی مدت پوری کر چکے ہیں اور بر بنائے اہلیت خود کو دوبارہ تقرری کے لیے پیش کر رہے ہیں۔ بورڈ کی محاسبی کمیٹی نے اُن کے محاسب کی حیثیت سے دوبارہ تقرری برائے سال ۱۹-۲۰۱۸ کی سفارش کی ہے۔

### حصص داری کا طرز

۳۰ جون ۲۰۱۸ کے دن کمپنی کی حصص داری کی ایک تفصیل صفحہ نمبر ۹ پر موجود ہے۔

### یہ گرافشا

کمپنی کی کارکردگی اس رپورٹ کے اوائل حصہ میں تفصیل سے بیان کر دی ہے تاہم کمپنی ایکٹ ۲۰۱۷ کی شق نمبر ۲۲۷ اور کوڈ آف کارپوریٹ گورننس ۲۰۱۷ کے تحت کچھ لازمی جزئیات ذیل میں واضح کی جا رہی ہیں۔



### مستقبل کا جائزہ

ایک صنعت کا مستقبل حکومتی حکمت عملیوں پر منحصر ہوتا ہے جو کاروبار کو تحفظ دیں اور ان غیر قانونی درآمدات کو جو ملکی صنعت کے لئے خطرہ ہوں کو روکیں۔ ایران کے خام تیل کی درآمد پر امریکی پابندی کے باعث تیل کی بین الاقوامی منڈی میں برنٹ کی قیمتیں بڑھی ہیں۔ اسی طرح چین اور امریکہ کے مابین تجارتی کشیدگی سے غیر یقینی صورت حال پیدا ہو رہی ہے۔

حال میں امریکی ڈالر اور دیگر کرنسیوں کی قیمت تبادلہ بڑھی ہے۔ دوسری طرف بینک دولت پاکستان نے کچھ مخصوص اشیاء کی درآمد پر سو فیصد کیش مارجن کی شرط عائد کی ہے اس سے ہمارا کچھ خام مال متاثر ہوگا جو کہ عمومی طور پر ۹۰ دن (Usance L/C) بعد ادائیگی کے تحت آ رہی ہیں۔

گیس اور فرنس آئل کی قیمتیں بہت زیادہ ہیں جس سے مصنوعات کی پیداواری لاگت مزید بڑھے گی۔ IMF کے مطابق گلوبل معیشت میں بہتری کی توقع ہے۔ چین و ملائیشیا میں پیداوار ہو سکتا ہے کچھ کم ہو اور ترقی یافتہ معیشت اور جنوب مشرق وسطیٰ کی معیشت میں بحالی کو ٹھومے۔ البتہ کرنسی اور سود کی شرح میں نقل و حرکت اپنی جگہ خطرہ ہیں۔ پاکستانی درآمدات بشمول ٹیکسٹائل سیکٹر میں بہتری میں مدد ملے گی۔

کرنسی میں نقل و حرکت PSF اور PFY کے خام مال اور مصنوعات پر اثر انداز ہوگی معیشت کی نمو بہتر اقدامات کی مرہون منت ہے جن سے پیداواری صلاحیتیں پنپ سکیں۔ غیر ضروری اشیاء کی درآمد کو روکنے کے حکومتی اقدامات مقامی صنعت کی نمو کے لئے خوش آئند ثابت ہوں گے۔

چین کی فنی اور مالی معاونت سے CPEC جیسے منصوبے شروع ہیں ان سے ملکی صنعتی کو نمو حاصل ہوگی اور معیشت کو استحکام ملے گا لیکن حکومت اس امر کو یقینی بنائے کہ مقامی صنعت کسی بھی صورت میں متاثر نہ ہو۔ اس منصوبے کے ملکی معیشت پر مالی اور دیگر اثرات اور اہداف کا جائزہ لینا حکومت کے لئے ضروری ہے۔

کمپنی کی مصنوعات سو فیصد مقامی مارکیٹ میں فروخت ہوتی ہیں اور پورے پنجاب میں ان کی ترسیل ہوتی ہے اس کے لئے ہمارا ڈسٹری بیوٹرز کا پورا ایک نیٹ ورک ہے۔

گزشتہ کئی برسوں سے ملک کی مقامی صنعت میں ایک اضطراب اور بے چینی پیدا ہو چکی ہے جس سے بڑی انفراسٹرکچر سرمایہ کاری بے کار ہو کر رہ گئی ہے۔ متعلقہ حکام نے بھی اس اہم ایریا کو نظر انداز کئے رکھا نتیجہ مقامی صنعت میں جو ایک صلاحیت ہے اس کے تناسب سے وہ delivers نہیں کر پارہی۔ صارفین کی بڑھتی ہوئی مانگ کو پورا کرنے کے لئے مقامی صنعت کے پاس وہ تمام وسائل و اسباب اور ماہرانہ صلاحیتیں موجود ہیں مگر ان کو بروئے کار لاتے ہوئے مقامی صنعت کو فروغ دینے کی بجائے چین۔ ملائیشیا۔ کوریا اور دیگر علاقائی ممالک سے درآمدات کی حوصلہ افزائی کی گئی اور وہ اس طرح مقامی مارکیٹ میں گھس چکی ہیں جس سے مقامی صنعت کو ناکارہ کر دیا گیا اور بے جا مسابقتی ماحول نے جنم لیا ہے۔ اگر مقامی صنعت کو sovereign تحفظ دیا جائے تو وہ مزید سرمایہ کاری کر کے انقلابی نمو اور روزگار کے مواقع پیدا کر سکتے ہیں۔

### رиск مینجمنٹ

بورڈ آف ڈائریکٹرز رسک مینجمنٹ کے نگران کی حیثیت سے اس امر کو یقینی بناتے ہیں کہ تمام کئے گئے فیصلے رسک کی نوعیت اور کمپنی کی حکمت عملی کے تحت درست اور ماست ہوں۔ بورڈ باقاعدہ کاروبار کو درپیش بڑے خطرات پر تازہ معلومات لیتا رہتا ہے۔ سربراہ کمپنی اور سینئر مینجمنٹ بورڈ آف ڈائریکٹرز کی نگرانی میں روزمرہ کے درپیش خطرات کا جائزہ لیتے ہیں۔

بورڈ آف ڈائریکٹرز مینجمنٹ کو مجموعی رسک مینجمنٹ فریم ورک کو مزید مستحکم بنانے کے لئے مشورہ دیتے رہتے ہیں اور کمپنی کی پیداوار اور فروخت سے متعلقہ رسک اور آمدنی، بیلنس، سرمایہ اور سیالیت کو درپیش انتہائی خطرات کے ممکنہ اثرات کو ایک مضبوط طریقہ کار کے تحت نپٹنے کے اقدامات پر بھی مشورہ دیتے ہیں۔

## OEKO تصدیق

درآمد شدہ خام مال، اعلیٰ پیداواری سامان اور فنی اور تکنیکی قابلیت ہماری اعلیٰ معیار کی مصنوعات کو بنانے میں بڑی معاون ہیں۔ ہماری مصنوعات (PFY) OEKO-Tex(R) Standard 100 کے تحت تصدیق شدہ ہیں۔

## پاکستان روپے کی قیمت تبادلہ میں کمی

پاکستان روپے کی قیمت تبادلہ بہت خطرناک حد تک گر گئی ہے۔ دسمبر ۲۰۱۷ء سے اب تک امریکی ڈالر کے مقابلہ میں پاکستان روپیہ ۷۱ فیصد سے زیادہ گرا ہے اس سے درآمدات اور منہجی ہوں گی جس کے ساتھ بڑھتی ہوئی خام مال کی قیمتوں سے ہماری پیداواری لاگت قیمت فروخت میں بہت زیادہ عدم توازن کا اندیشہ ہے۔

۱۶ جولائی ۲۰۱۸ء سے مارک اپ کے ریٹ 6.5% سے 7.5% سالانہ کر دیئے گئے ہیں جو کہ کئی سالوں کے اندر ہونے والی بڑی اضافت ہے اس سے ہماری فنانس لاگت بڑھ جائے گی۔

## حال بہتر کر کے چیلنجز

مالی سال ۲۰۱۸ء ٹیکسٹائل سیکٹر کیلئے بہتری لایا ہے مگر ہمارے سامنے بہت سارے چیلنجز نظر آ رہے ہیں بشمول:-  
(i) ڈمپنگ (ii) انڈین حکومت کی ترقیاتی حکمت عملی (iii) علاقائی مسابقت (iv) پانی کا بحران  
حکومت کو ترجیحی بنیادوں پر دور رس نتائج میں بہتری کیلئے ان چیلنجز کا ازالہ کرنا ہوگا۔

## فروخت ٹیکس کی واپسی

فروخت ٹیکس کی واپسی کی مد میں ہماری بھاری رقوم حکومت کے پاس رُک رہی ہیں۔ جس کے باعث ہماری فنانس لاگت بڑھ رہی ہے تاہم GIDC کی شکل میں ایک بڑا دوچوکا صنعت پر منڈلا رہا ہے۔ یہ معاملہ عدالت عالیہ لاہور کے حکم کے تحت سوئی گیس پائپ لائنز لمیٹڈ (SNGPL) کے پاس زیر التواء ہے۔ اس قانون کو فی الفور ختم ہونا چاہئے۔

## خام مال کی قیمتیں

اس سال ہمارے خام مال PTA اور MEG کی قیمتوں میں اضافہ کاروبار چھان رہا۔ PTA کی قیمت جو اگست ۲۰۱۷ء میں ۶۷۰ امریکی ڈالر فی ٹن تھی اس سال اسی مہینہ میں ۹۲۰ امریکی ڈالر ہو گئی اور MEG کی قیمت جو مئی ۲۰۱۷ء میں ۷۲۵ امریکی ڈالر تھی اس سال مئی میں ۱۰۷۵ امریکی ڈالر ہو گئی۔

مالیاتی ایکٹ ۲۰۱۸ء میں PTA اور MEG پر اضافی کسٹم ڈیوٹی ایک فیصد سے بڑھا کر دو فیصد کر دی گئی ہے۔

سال ۲۰۱۸ء میں PSF اور PFY کی فروخت کا حجم سال گذشتہ کے مقابلے میں زیادہ رہا۔ اگرچہ ہماری مارکیٹنگ کی کاوشیں بکری بڑھانے میں بڑی فعال رہی ہیں مگر مارکیٹ کی مندی اور باہر سے آنے والے کپڑے کے ساتھ سخت مقابلہ کے باعث ہمارے صارفین ہم سے ایک حد سے زیادہ مال خریدنے کی حالت میں نہیں تھے۔

## فروخت آمدنی اور منافع

فروخت آمدنی برائے سال ۲۰۱۸ء سال گذشتہ کی فروخت آمدنی ۵,۰۲۵.۳۰ ملین روپے سے بڑھ کر ۶,۰۳۳.۰۱ ملین روپے ہو گئی۔ خام منافع جو سال گذشتہ ۱۳,۷۰ ملین روپے تھا سے بڑھ کر ۳,۶۳.۱۹ ملین روپے ہو گیا۔ آپریٹنگ خسارہ جو سال گذشتہ ۹.۳۸ ملین روپے تھا۔ ۲۰۱۸ء میں ۲۳۳.۶۹ ملین روپے منافع میں بدل گیا۔ فنانس لاگت سال گذشتہ ۱۱۳.۶۸ ملین روپے سے تھوڑی بڑھ کر ۱۱۸.۸ ملین روپے رہی۔ قبل از ٹیکس خسارہ سال گذشتہ میں ۱۲۳.۰۶ ملین روپے کی نسبت اس سال ۱۱۵.۸۲ ملین روپے منافع میں تبدیل ہو گیا اور بعد از ٹیکس خسارہ ۱۲۰.۰۸ ملین روپے سے منافع میں تبدیل ہو کر ۶۳.۵۵ ملین روپے ہو گیا۔



درخواستوں کو خارج کر دیا تھا کہ باوجود کچھ درآمد کنندگان نے انٹنی ڈمپنگ ڈیوٹی کو پھر چیلنج کر دیا جن کو عدالت عالیہ پشاور نے خارج کر دیا اور ساتھ حکم جاری فرمایا کہ آئندہ اس نوعیت کے کیس عدالت میں اسی شیج کے رد پر روکھے جائیں تاکہ متضاد فیصلوں کا احتمال نہ رہے۔

علاوہ ازیں اگست ۲۰۱۸ میں ایک یارن مرچنٹ نے عدالت عالیہ لاہور - راولپنڈی شیج میں درخواست دائر کی ہے جس میں عارضی حکم امتناعی دیا گیا ہے۔ کمپنی بحیثیت پارٹی اس کیس میں داخل ہوئی ہے تاکہ سابقہ عدالتی احکامات کی قوی بنیاد پر دفاع کیا جاسکے۔

ایک غلط فہمی جس کا ازالہ ضروری ہے کہ انٹنی ڈمپنگ ڈیوٹی اور آر - ڈی لگنے سے ملک کی ٹیکسٹائل برآمدات متاثر ہو رہی ہیں۔ یہ تاثر مبنی بر حقیقت نہیں۔ کچھ حلقے ADD اور RE کو ختم کروانے کی تگ و دو میں ہیں اور اس حقیقت کو بالکل نظر انداز کر رہے ہیں کہ ADD اور RD سے تجارتی خسارہ بہت حد تک کنٹرول ہو رہا ہے۔ PFY گھریلو مصنوعات میں استعمال ہوتا ہے نہ کہ برآمدی مصنوعات میں۔ سوت کے برعکس جو کہ ۵۰ فیصد سے زیادہ برآمدی مصنوعات میں استعمال ہوتا ہے، پولیسٹر دھاگا صرف ۱۵ تا ۲۰ فیصد برآمدات میں استعمال ہوتا ہے اور دو تہائی سے زیادہ پہلے ہی DTRE کے تحت درآمد ہو رہا ہے۔ لہذا ۵ فیصد RD برآمدات کو قطعاً متاثر نہیں کرتی چونکہ ۱۱ فیصد ڈیوٹی ادائیگی کر کے ۶۰ فیصد فلامنٹ دھاگا درآمد ہوتا رہا ہے جو درآمد کنندگان ایکسپورٹ چھوٹ کی کوشش کرتے جو کہ نہیں ہوئی جس سے ہمارے موقف کی تائید ہوتی ہے۔

پی ایف وائی مقامی صنعت کے بذریعہ RD تحفظ سے تجارتی خسارہ کم ہوگا RD اور ADD سے پی ایف وائی کے مقامی یونٹوں نے اپنی پیداواری گنجائش کو زیادہ سے زیادہ استعمال میں لانا شروع کر دیا ہے اور بند شدہ لائنوں کو دوبارہ شروع کر رہی ہیں۔ کمپنی بھی اپنے پیداواری حجم میں توسیع کر رہی ہے۔ PFY کی مقامی پیداواری مقامی مانگ کو کافی حد تک پورا کرنے کیلئے ۱۱۰,۰۰۰ میٹرک ٹن تک بڑھنے کی توقع ہے اس طرح RD عائد ہونے سے مقامی پیداوار کے ۲۰۱۷ میں ۶۰,۰۰۰ میٹرک ٹن سے بڑھ کر ۱۹-۲۰۱۸ میں تقریباً دو گنا ہو جائے گی۔ اگر RD برقرار رہی تو یہ حجم مزید بڑھ کر ۱۵۰,۰۰۰ میٹرک ٹن تک ہو جائے گا جو کہ مقامی ضرورت کا تقریباً ۷۵ فیصد پورا کرے گا۔ اس سے PFY کی درآمد دو تہائی یعنی ۱۴۰,۰۰۰ میٹرک ٹن سے کم ہو کر ۵۰,۰۰۰ میٹرک ٹن تک رہ جائے گی۔

یہ ایک قابل ذکر بات ہے کہ PFY پر انٹنی ڈمپنگ ڈیوٹی اگرچہ اگست ۲۰۱۷ میں عائد ہوئی مگر عدالتوں میں مقدمات کے باعث نومبر ۲۰۱۸ کے آغاز تک مؤثر نہ ہو سکی۔ ہاں اگر ڈیوٹی چار سال قبل عائد ہو جاتی تو Opportunity Cost جو کہ ہر مقامی پروڈیوسر پر بوجھ ہے وہ صنعت اور پاکستان کی جی ڈی پی کی توسیع و ترقی پر منتج ہوتی۔ اس نقصان کے ازالہ کیلئے باقاعدہ کسی بل کے تحت باہر سے آنے والے PFY کو ریگولیٹ کیا جانا چاہئے تاکہ مقامی صنعت جو بند پڑی ہے یا پیداواری صلاحیت سے کم استعمال ہو رہی ہے کی بحالی ہو سکے۔

جیسا کہ پہلے ذکر کیا گیا چینی اور ملائیشین یارن بنانے والے ڈمپنگ میں بہت زیادہ ملوث ہیں کیونکہ PFY کی درآمد ہر ماہ اضافہ دکھا رہی ہے۔ ۵ فیصد RD (جو فیصد اضافی کسٹم ڈیوٹی کے ختم ہو جانے کے بعد ۴ فیصد ہے) اور خام مال کی قیمتوں میں اضافے کے باوجود سی اینڈ ایف قیمت جس پر PFY درآمد ہوتی ہے وہ ہر ماہ کم ہو رہی ہے اور ضرورت اس امر کی ہے این ٹی سی مداخلت کرے تاکہ PFY کی مقامی صنعت کو مکمل تباہی سے بچایا جائے۔

### توانائی کے بڑھتے ہوئے میرف

ملک کے گیس سپلائی میٹ ورک میں آرائل این جی کی دستیابی نے توانائی کی قلتوں کو کافی حد تک کم کر دیا ہے تاہم بین الصوبائی گیس نرخوں میں تفاوت ہے۔ ہمیں پنجاب میں اس وقت آرائل این جی ۶۰۰،۰۰۰ روپے فی ایم ایم بی ٹی پو مل رہی ہے جبکہ سندھ میں صنعت کیلئے ۶۰۰ روپے فی ایم ایم بی ٹی پو نرخ ہیں۔ اس بڑے فرق سے ہماری پیداواری لاگت بہت بڑھ جاتی ہے۔ حکومت کو چاہئے کہ پنجاب میں کاروبار کرنے کی لاگت کو کم کرنے کیلئے اس بے ضابطگی کو ختم کرے۔

## ممبران کے لئے ڈائریکٹرز کی رپورٹ

کمپنی کے ڈائریکٹران کی جانب سے ہم آپ کو اڑتیسویں (۳۸ ویں) سالانہ اجلاس میں خوش آمدید کہتے ہیں اور کمپنی کی سالانہ رپورٹ اور پڑتال شدہ حسابات برائے سال ختمہ ۳۰ جون ۲۰۱۸ء ہمراہ ڈائریکٹران کی رپورٹ کے پیش کرتے ہیں۔

### مالیاتی نتائج

--- روپے ہزاروں میں ---

|          |
|----------|
| ۱۱۵,۸۲۲  |
| (۵۱,۲۶۹) |
| ۶۴,۵۵۳   |

- قبل از ٹیکس منافع

- ٹیکس

- بعد از ٹیکس منافع

### اختصاص اور منافع کا تصرف:

|        |
|--------|
| ۳۴,۰۶۹ |
| ۱,۸۹   |

- مجوزہ مختص کیش منافع منقسمہ

- فی حصہ منافع (بنیادی اور نڈید آمیز شدہ) روپے

### مجموعی جائزہ

جیسا کہ مالیاتی نتائج سے ظاہر ہو رہا ہے کمپنی مالی سال ۲۰۱۸ء میں آپریشنل اور انتظامی اقدامات کے باعث دوبارہ سے مستحکم ہو گئی ہے۔ چین اور ملائیشیا سے درآمد ہونے والے پولیسٹر فلامنٹ یارن (پی ایف وائی) پرائیٹی ڈمپنگ ڈیوٹی عائد ہونے سے ہماری نتائج کی ٹیلی لائن میں بہتری آگئی ہے۔

کمپنی کی آپریٹنگ کارکردگی بڑے موثر انداز میں طے کردہ اہداف کے حصول کے لئے زیر نگرانی رہتی ہے۔ ہماری مصنوعات اعلیٰ معیار کے باعث صارفین کے لئے بہت جاذب نظر ہیں اور وہ درآمد کردہ PFY کے ساتھ ہمارے مال کا استعمال بہتر منافع کی خاطر زیادہ کرتے ہیں۔

کمپنی جدید سوچ کو فروغ دیتی ہے اور اس نقطہ نظر کے تحت اپنے ماہرین کی ٹیم کے لئے مسلسل اہداف طے کئے جاتے ہیں تاکہ وہ نئے خیالات اور باہمی تعاون کے ساتھ اہداف حاصل کر سکیں۔

پی ایف وائی کی مقامی ضرورت اور مارکیٹ میں بڑھی ہوئی مانگ کے پیش نظر اور درآمدہ پی ایف وائی کے نعم البدل کے لئے ہم نے جدید مشین نصب کی ہے۔ اس توسیع پر انداز ۲۰۰ ملین روپے لاگت آئے گی۔ یہ منصوبہ اکتوبر ۲۰۱۸ء میں پیداوار میں آجائے گا۔ اس بڑے خرچے کے باوجود کمپنی نے خام منافع کے حجم کو قائم رکھا۔ کمپنی اسی طرح اپنے اہم اثاثوں کی دیکھ بھال کی حکمت عملی کو جاری رکھے ہوئے ہے۔

### درآمد کردہ پی ایف وائی

قومی کمیشن برائے ٹیرف (NTC) کی تحقیقات کے مطابق مقامی پی ایف وائی صنعت کو 25 فیصد سے زیادہ کا نقصان ہوا۔ پچھلے سال عائد کردہ اینٹی ڈمپنگ ڈیوٹی (ADD) بشرح ۳.۲۵ فیصد - ۱۱.۳۵ فیصد سے مقامی PFY اور چین اور ملائیشیا سے درآمد کردہ PFY کے نرخوں کے مابین فرق اگرچہ کچھ حد تک کم ہوا ہے مگر ۲۵ فیصد کا نقصان پورا نہیں ہو رہا۔ پھر بھی پاکستان یارن مرچنٹ تنظیم عدالت ہائے عالیہ اور عدالت عظمیٰ میں ADD کے خلاف درخواستیں داخل کر رہی ہیں۔

۱۶ اکتوبر ۲۰۱۷ء کو جاری ہونے والی SRO نمبر ۲۰۱۷/۱۰۳۵(۱) جس کے تحت بہت سی درآمدی اشیاء بشمول HS2 کوڈ کے تحت یارن پر RD عائد ہوئی عدالت عالیہ سندھ نے اسے ختم کر دیا وفاقی بورڈ برائے ریونیو نے عدالت عظمیٰ میں اپیل داخل کی جو کہ ایف بی آر کے حق میں پیدا دی گئی۔ جبکہ عدالت عالیہ پشاور نے اسی طرح کی



# CERTIFICATE

## The company

**RUPALI POLYESTER LIMITED**  
RUPALI HOUSE, 241-242 UPPER MALL SCHEME, ANAND ROAD  
54000 LAHORE, PAKISTAN

is granted authorisation according to STANDARD 100 by OEKO-TEX® to use  
the STANDARD 100 by OEKO-TEX® mark, based on our test report  
**20180K1181**

OEKO-TEX®  
CONFIDENCE IN TEXTILES  
**STANDARD 100**



**20180K1181 AITEX**

Tested for harmful substances  
[www.oeko-tex.com/standard100](http://www.oeko-tex.com/standard100)



## for the following articles:

### Raw polyester filament yarn

The results of the inspection made according to STANDARD 100 by OEKO-TEX®, Appendix 6, **product class I** have shown that the above mentioned goods meet the human-ecological requirements of the STANDARD 100 by OEKO-TEX® presently established in Appendix 6 for baby articles.

The certified articles fulfil requirements of Annex XVII of REACH (incl. the use of azo colourants, nickel release, etc.), the American requirement regarding total content of lead in children's articles (CPSIA; with the exception of accessories made from glass) and of the Chinese standard GB 18401:2010 (labelling requirements were not verified).

The holder of the certificate, who has issued a conformity declaration according to ISO 17050-1, is under an obligation to use the STANDARD 100 by OEKO-TEX® mark only in conjunction with products that conform with the sample initially tested. The conformity is verified by audits.

**The certificate 20180K1181 is valid until 30.09.2019**

Alcoy (Alicante) España, 14.09.2018

Silvia Devesa Valencia  
Innovation Assistant Manager



Isabel Soriano Sarrió  
Chief of Innovation Area





## Notice of Meeting

Notice is hereby given that the Thirty Eighth Annual General Meeting of Rupali Polyester Limited ("the Company") will be held at Rupali House, 241-242 Upper Mall Scheme, Anand Road, Lahore on Saturday, 27 October 2018 at 9:30 a.m. to transact the following business:

### Ordinary Business:

- 1) To confirm the minutes of Thirty Seventh Annual General Meeting of the Company held on 27 October 2017.
- 2) To receive, consider and adopt Annual Audited Accounts of the Company together with the Directors and Auditors Reports thereon for the year ended 30 June 2018.
- 3) To approve payment of final cash dividend @ 10% i.e. Re.1.00 per share for the year ended 30 June 2018 as recommended by the Board of Directors.
- 4) To elect eight (8) Directors of the Company as per the number fixed by the Board of Directors of the Company under Section 159 (1) of the Companies Act, 2017 for a term of three (3) years commencing from 30 October 2018.

The following are the names of retiring Directors, who are eligible for re-election:

1. Mr. Nooruddin Feerasta
2. Mr. Muhammad Rashid Zahir
3. Mr. Muhammad Ali Sayani
4. Mr. Sultan Ali Rajwany
5. Mr. Shehzad Feerasta
6. Mr. Zeeshan Feerasta
7. Mr. Abdul Hayee

- 5) To appoint Auditors of the Company and to fix their remuneration. The retiring Auditors M/s. Qavi & Co., Chartered Accountants being eligible have offered themselves for reappointment.

### Special Business:

- 6) (a) To approve transactions conducted with associated companies (related parties) for the year ended 30 June 2018 by passing the following special resolution:

**"RESOLVED THAT** the following transactions conducted with associated companies (related parties) for the year ended 30 June 2018 be and are hereby ratified, approved and confirmed:

| Name                         | Description of Transaction          | Amount in Rs. '000 |         |        |
|------------------------------|-------------------------------------|--------------------|---------|--------|
|                              |                                     | Purchase           | Sale    | Others |
| Rupafil Limited              | Sale/purchase of goods and services | 594,124            | 503,052 | -      |
| Rupali Nylon (Pvt.) Limited. | Purchase of goods and services      | 4,478              | -       |        |
| Soneri Bank Limited          | Profit on Bank deposits             | -                  | -       | 919    |

(b) To authorize Chief Executive Officer of the Company to approve transactions with Related Parties for the year ending 30 June 2019 by passing the following special resolution with or without modification:

**“RESOLVED THAT** the Chief Executive Officer of the Company be and is hereby authorized to approve the transactions to be conducted with Related Parties on case to case basis during the year ending 30 June 2019.

**FURTHER RESOLVED THAT** these transactions shall be placed before the shareholders in the next general meeting for their ratification/approval.”

#### Other Business

- 7) To transact such other ordinary business as may be placed before the meeting with the permission of the Chair.

By order of the Board

Lahore: S. Ghulam Shabbir Gilani  
17 September 2018 Company Secretary

#### Notes:

- Share transfer books of the Company will remain closed from 20 October 2018 to 27 October 2018 (both days inclusive) for determining the entitlement of dividend. This dividend will be paid to shareholders whose names shall be appearing in the Registrar of Members of the Company on 19 October 2018. Transfers received at the Share Registrar Office M/s. THK Associates (Pvt.) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi - 75400 before close of business on 19 October 2018 will be treated in time for the purpose of above entitlement to the transferees.
- A member entitled to attend and vote at this meeting may appoint another member as his or her proxy to attend and vote. Proxies in order to be effective must be received at the registered office of the Company not less than 48 hours before the time of holding the

meeting. Proxy Form attached.

- Accountholders/sub-accountholders holding book entry securities of the Company in Central Depository System (CDS) of Central Depository Company of Pakistan Limited (CDC) who wish to attend the Annual General Meeting are requested to please bring their original Computerized National Identity Card (CNIC) or original passport with a photocopy duly attested by their bankers alongwith participant's I.D. number and their account number in CDS for identification purposes.

In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee together with the original proxy form duly filled in must be received at the registered office of the Company not less than 48 hours before the time of holding the meeting. The nominees shall produce their original CNIC or original passport at the time of attending the meeting for identification purpose.

#### 4) Election of Directors

In accordance with Section 159(1) of the Companies Act, 2017 the Board of Directors of the Company in its meeting held on 17 September 2018 has fixed the number of Directors to be elected as eight (8).

In terms of Section 159(3) of the Companies Act, 2017, any person who seeks to contest an election to the office of Director, shall file with the Company, not later than fourteen (14) days before the date of this meeting, a notice of his/her intention to offer himself/herself for election as a Director in terms of section 159(3) of the Companies Act, 2017 together with (a) consent form-28 in terms of Section 167(1) of the Companies Act, 2017, (b) declaration with consent to act as Director in the manner as provided in the Listed Companies (Code of Corporate Governance) Regulations, 2017, with shareholding details under the Securities Act, 2015, (c) a detailed profile along with office address as required under SECP's SRO No.634(1)/2014 dated 10 July 2014 (d) a copy of his valid Computerized National Identity Card.

Independent Directors will be elected through the process of election of directors in terms of Section 159 of the Companies Act, 2017 and they shall meet the criteria laid down under Section 166(2) of the Companies Act, 2017 and the Companies (Manner and Selection of Independent Directors), Regulations 2018.



**5) Submission of copy of CNIC (Mandatory):**

In order to comply with the directives of the Securities and Exchange Commission of Pakistan (SECP) issued from time to time, the shareholders are requested to kindly send photocopy of their CNICs to us immediately at our address "Rupali House, 241-242 Upper Mall Scheme, Anand Road, Lahore-54000 or our Share Registrar M/s. THK Associates (Pvt.) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi - 75400". The shareholders who have already provided CNIC number to us need not re-submit it unless the CNIC is expired. Corporate shareholders are requested to provide their National Tax Numbers (NTN). In case of non submission of copy of CNIC, dividend warrants may be withheld.

**6) Circulation of Audited Financial Statements through email**

Members are hereby informed that the Securities and Exchange Commission of Pakistan (SECP) vide SRO No. 787(I)/2014 dated 8 September 2014 has allowed companies to circulate annual balance sheet and profit and loss account, auditors' report and directors report etc. (Audited Financial Statements) along with notice of annual general meeting (Notice) to their members through e-mail subject to compliance with the conditions outlined in the said Notification. In this regard a written notice may please be sent to us as soon as possible at our following email addresses and for convenience of the members, a standard request form has also been placed on the Company's website, [www.rupaligroup.com](http://www.rupaligroup.com)

Company Secretary: [shabbir.gilani@rupaligroup.com](mailto:shabbir.gilani@rupaligroup.com)  
THK Associates: [aa@thk.com.pk](mailto:aa@thk.com.pk)

**7) E-Voting**

Members can exercise their right of vote under applicable clauses of Companies (Postal Ballot) Regulations, 2018. If required, the Company will facilitate as per the procedure laid down in said regulations.

**8) E-Dividend**

In order to receive dividends directly into their bank accounts, shareholders are requested to fill in Dividend Mandate Request form available at Company's website [www.rupaligroup.com](http://www.rupaligroup.com) and send it duly signed along with copy of CNIC to the Shares Registrar of the Company in case of physical shares. In case the shares are held in CDC, then the Form must be submitted directly to shareholders' broker / participant / CDC Account Services.

**9) Submission of Bank Mandate with International Bank Account Number (IBAN) for payment of Cash dividend electronically into the Bank Accounts of the shareholders (Mandatory Requirement):**

Shareholders are informed that under the provision of Section 242 of the Companies Act, 2017, Securities & Exchange Commission of Pakistan (SECP) has directed all listed companies to pay cash dividends only through electronic mode directly into the bank accounts of the shareholders. Therefore, shareholders are requested to provide their Bank Mandate details including International Bank Account Number (IBAN) alongwith a copy of valid CNIC at the earliest, if not already provided to:

1. your respective CDC Participant / CDC Investor Account Services (in case your shareholding is in book entry form) or
2. our Share Registrar, M/s. THK Associates (Pvt.) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi - 75400 (in case your shareholding is in physical form).

In case of non provision of bank mandate with IBAN Bank Account detail, cash dividend(s) will be withheld to comply with SECP directions issued vide Circular No. 18 of 2017 dated 01 August 2017 directing that all dividend payments with effect from 1 November 2017 shall be paid through electronic mode only.

**10) Filer and Non-Filer Status**

i) The Government of Pakistan through Finance Act, 2018 has made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

- a) For filers of income tax return 15%
- b) For non-filers of income tax return 20%

All the shareholders whose names are not entered into the Active Taxpayers List (ATL) provided on the website of FBR, despite the fact that these are filers, are advised to make sure that their names are entered into ATL.

ii) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or its



Share Registrar i.e. THK Associates (Pvt.) Ltd. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

#### 11) Consent for the Facility of video-link

Members may participate in the meeting via video-link facility. If the Company receives a demand from members holding an aggregate 10% or more shareholding residing at a geographical location outside Lahore to participate in the meeting through video link at least 7 days prior to the date of meeting, the Company will arrange video link facility in that city.

In this regard, Members who wish to participate through video-link facility, should send a duly signed request as per the following format to the Registered Address of the Company:

I/we \_\_\_\_\_ of \_\_\_\_\_  
being a member of Rupali Polyester Limited holder of \_\_\_\_\_ ordinary share(s) as per Registered Folio / CDC Account No. \_\_\_\_\_ hereby opt for video link facility at \_\_\_\_\_.

\_\_\_\_\_  
Signature of Member

#### 12) Shareholders are requested to notify any change in their addresses immediately.

Statement under Section 134 (3) of the Companies Act, 2017

This statement sets out the material facts concerning the special business to be transacted at the Thirty Eighth Annual General Meeting of Rupali Polyester Limited to be held on 27 October 2018.

#### Agenda Item No. 6 (a) – Transactions carried out with associated companies (related parties) during the year ended 30 June 2018 to be approved by way of Special Resolution

The transactions carried out in normal course of business with associated companies (related parties) were being approved by the Board of Directors as recommended by the Audit Committee on quarterly basis pursuant to Section 208 of the Companies Act, 2017 and Regulation 15 (1) of the Listed Companies (Code of Corporate Governance) Regulations, 2017.

However, the majority of Company Directors were interested in these transactions due to their common directorship and holding of shares in the group

companies, the quorum of directors could not be formed for approval of these transactions pursuant to Section 207 of the Companies Act, 2017 and therefore, these transactions have to be approved by the shareholders in General Meeting.

#### Agenda Item No. 6 (b) – Authorization to Chief Executive Officer for Related Party Transactions to be carried out with associated companies during the year ending 30 June 2019 to be approved by way of Special Resolution

The Company shall be conducting Related Party Transactions with associated companies during the year ending 30 June 2019 in the normal course of business. The majority of Directors are interested in these transactions due to their common directorship and shareholding in the associated companies. Therefore, these transactions with associated companies have to be approved by the shareholders.

In order to ensure smooth supply during the year, the shareholders may authorize the Chief Executive Officer to approve transactions with associated companies on case to case basis for the year ending 30 June 2019. The summary of commercial reasons, nature and scope of Related Party Transactions are explained in the proposed resolution. However, these transactions shall be placed before the shareholders in the next General Meeting for their approval/ratification.

The Directors are interested in the resolution to be extent of their common directorship and shareholding in the associated companies.

#### Statement under Section 166 (3) of the Companies Act, 2017

This statement sets out the material facts relating to justification for choosing the appointees for appointment as independent directors.

In compliance with Section 166(3) of the Companies Act, 2017, consent papers will be accepted from those persons who are in compliance with Section 166(2) of the Companies Act, 2017

# Engagement with Investors and Shareholders

We are continuously exploring new opportunities to create further value for the benefits of our shareholders and investors.

Being a highly significant Company, we enforce the importance of satisfying our investors by employing the following techniques:

| Activity                                  | Description  | Frequency            |
|---|--|----------------------|
| Annual General                            | The Company convenes AGM in accordance with the Companies Act, 2017. The AGM serves as an interactive platform to engage with the shareholders and listen to their views and valuable suggestions.   | Annual               |
| Quarterly, Half-yearly and Annual Reports | The Company, in compliance with applicable laws, periodically uploads its quarterly, half-yearly and annual reports on its website. These reports are sent to its shareholders in printed form. The Company being, listed, also communicates its results to Pakistan Stock Exchange Limited. | Quarterly            |
| Price Sensitive Information               | The Company updates its shareholders about price sensitive information through Pakistan Stock Exchange Limited.  | As and when required |

We believe in strict compliance of applicable laws and regulations and have an open door policy towards all regulators. To remain compliant, we promptly and regularly file all applicable statutory returns and forms with regulators.

# Statement of Compliance

## with the Listed Companies (Code of Corporate Governance) Regulations, 2017

Name of Company - Rupali Polyester Limited  
Year Ended - 30 June 2018

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

1. The total number of directors are seven (7) as per the following:

a. Male: 7  
b. Female: 0

2. The composition of board is as follows

| Category                   | Names  |
|----------------------------|--|
| a) Independent Directors   | Mr. Sultan Ali Rajwani   |
| b) Non-Executive Directors | Mr. Muhammad Rashid Zahir<br>Mr. Muhammad Ali Sayani<br>Mr. Shehzad Feerasta<br>Mr. Zeeshan Feerasta |
| c) Executive Directors     | Mr. Nooruddin Feerasta<br>Mr. Abdul Hayee  |

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company.
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the Chairman 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 board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations. This will be further reviewed by the new board being elected in forthcoming annual general meeting.
9. The Board shall arrange Directors' Training program as per the Regulations after election of the directors in forthcoming annual general meeting.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the board.

12. The board has formed committees comprising of members given below:

a) **Audit Committee:**

|    |                           |          |
|----|---------------------------|----------|
| 1. | Mr. Sultan Ali Rajwany    | Chairman |
| 2. | Mr. Muhammad Rashid Zahir | Member   |
| 3. | Mr. Zeeshan Feerasta      | Member   |

b) **HR and Remuneration Committee:**

|    |                        |          |
|----|------------------------|----------|
| 1. | Mr. Sultan Ali Rajwany | Chairman |
| 2. | Mr. Nooruddin Feerasta | Member   |
| 3. | Mr. Zeeshan Feerasta   | Member   |

c) **Nomination Committee (not applicable)**

d) **Risk Management Committee (not applicable).**

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 (quarterly/half yearly/ yearly) of the committee were as per following:

- a) Audit Committee, quarterly (or more if required to convene)
- b) HR and Remuneration Committee, quarterly (or more if required to convene)

15. The board has set up an effective internal audit function. The head of audit and other audit staff are 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 ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

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

18. We confirm that all other requirements of the Regulations have been complied with / to be complied with as per timeline given in the Regulations.

For and on behalf of the Board of Directors

**Nooruddin Feerasta**  
**Chairman**

Lahore: 17 September 2018



# Independent Auditors' Review Report

## to the Members on Statement of Compliance contained in the Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of **RUPALI POLYESTER LIMITED** (the Company) for the year ended 30 June 2018 in accordance with the requirements of regulation 40 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, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Director's 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

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 June 30, 2018.

Further, we highlight the status of compliance as mentioned in the paragraph 18 of the Statement of Compliance, which shall be complied with subsequent to the year end.

Lahore  
Dated: 17 September 2018

Qavi & Co.  
Chartered Accountants  
Engagement partner: Syed Saim Raza Zaidi

# Independent Auditors' Report to the Members

## Report on the Audit of the Financial Statements

### Opinion

We have audited the annexed financial statements of RUPALI POLYESTER LIMITED (the Company), which comprise the statement of financial position as at June 30, 2018, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other 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 June 30, 2018 and of the profit or loss and other comprehensive income or loss, the changes in equity and its cash flows for the year then ended.

### Basis for Opinion

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

### Key Audit Matter

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

Following is the key audit matter.

**(i) First time application of third and fourth schedules to the Companies Act, 2017.**

As part of the transition to the requirements of the said third and fourth schedules, the management performed a gap analysis to identify differences between the previous reporting framework and the current reporting framework and as a result assessed the amendments relating to disclosures required in the Company's financial statements.

Our audit procedures among others, included the following:

- Considering the management's process to identify the necessary amendments required in the Company's financial statements.
- Evaluating the results of management's analysis and key decisions taken in respect of the transition, using our knowledge of the relevant requirements of the third and fourth schedules to the Companies Act, 2017 and our understanding of the Company's operations and business.
- Assessing the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures made in the annexed financial statements based on the new requirements.

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

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

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

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

### Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### 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:

Board of directors are responsible for overseeing the Company's financial reporting process.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant

doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other 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 **Syed Saim Raza Zaidi**.

Lahore  
Dated: 17 September 2018

Qavi & Co.  
Chartered Accountants  
Engagement partner: Syed Saim Raza Zaidi





# Financial Statements

for the year ended 30 June 2018

# Statement of Financial Position

## as at 30 June 2018

| Rupees in thousand   | Note | 2018      | 2017      |
|--|------|-----------|-----------|
| <b>ASSETS</b>  |      |           |           |
| <b>NON-CURRENT ASSETS</b>                                    |      |           |           |
| Property, plant and equipment                                | 7    | 3,201,449 | 2,971,353 |
| Investment property  | 8    | 437,500   | 400,000   |
| Long-term deposits   | 9    | 4,396     | 4,396     |
|  |      | 3,643,345 | 3,375,749 |
| <b>CURRENT ASSETS</b>  |      |           |           |
| Stores, spares and loose tools                               | 10   | 879,235   | 872,357   |
| Stock-in-trade   | 11   | 824,593   | 725,481   |
| Trade debts  | 12   | 12,698    | 1,461     |
| Loans and advances   | 13   | 24,039    | 30,449    |
| Trade deposits and short-term prepayments                    | 14   | 265       | 1,161     |
| Other receivables  | 15   | 365,813   | 479,639   |
| Taxation - net   | 16   | 131,274   | 179,754   |
| Cash and bank balances                                       | 17   | 14,482    | 62,920    |
|  |      | 2,252,399 | 2,353,222 |
|  |      | 5,895,744 | 5,728,971 |
| <b>EQUITY AND LIABILITIES</b>                                |      |           |           |
| <b>SHARE CAPITAL AND RESERVES</b>                            |      |           |           |
| Authorised share capital                                     |      |           |           |
| 35,000,000 (2017: 35,000,000) ordinary shares of Rs. 10 each |      | 350,000   | 350,000   |
| Issued, subscribed and paid-up capital                       | 18   | 340,685   | 340,685   |
| Reserves   | 19   | 341,886   | 277,333   |
| Surplus on revaluation of freehold land                      | 20   | 1,719,056 | 1,719,056 |
|  |      | 2,401,627 | 2,337,074 |
|  |      | 2,401,627 | 2,337,074 |
| <b>NON-CURRENT LIABILITIES</b>                               |      |           |           |
| Long-term financing  | 21   | 143,179   | 183,879   |
| Staff retirement benefits                                    | 22   | 152,458   | 138,587   |
| Deferred taxation - net                                      | 23   | 257,962   | 267,438   |
| Liabilities against assets subject to finance lease          | 24   | 985       | 2,272     |
|  |      | 554,584   | 592,176   |
| <b>CURRENT LIABILITIES</b>                                   |      |           |           |
| Trade and other payables                                     | 25   | 690,140   | 869,221   |
| Short-term borrowings  | 26   | 2,146,943 | 1,839,800 |
| Accrued mark-up  |      | 28,558    | 27,287    |
| Unclaimed dividend   |      | 1,111     | 1,111     |
| Current portion of long-term borrowings                      | 27   | 72,781    | 62,302    |
|  |      | 2,939,533 | 2,799,721 |
| <b>CONTINGENCIES AND COMMITMENTS</b>                         |      |           |           |
|  | 28   |           |           |
|  |      | 5,895,744 | 5,728,971 |

The annexed notes 1 to 46 form an integral part of these financial statements.

Nooruddin Feerasta  
Chief Executive Officer

Shehzad Feerasta  
Director

Amjad Rahil  
Chief Financial Officer

# Statement of Profit and Loss

## for the year ended 30 June 2018

| Rupees in thousand                              | Note | 2018           | 2017             |
|---|------|----------------|------------------|
| Sales   | 29   | 6,044,111      | 5,025,401        |
| Cost of sales                                   | 30   | (5,680,917)    | (4,887,698)      |
| <b>Gross profit</b>                             |      | <b>363,194</b> | <b>137,703</b>   |
| Selling and distribution expenses               | 31   | (17,632)       | (12,726)         |
| Administrative and general expenses             | 32   | (162,885)      | (153,625)        |
| Other expenses                                  | 33   | (33,638)       | (9,300)          |
| Other income                                    | 34   | 85,649         | 28,564           |
| <b>Operating profit/(loss)</b>                  |      | <b>234,689</b> | <b>(9,384)</b>   |
| Finance cost                                    | 35   | (118,867)      | (113,680)        |
| Profit/(loss) before taxation                   |      | 115,822        | (123,064)        |
| (Provision for) / Reversal of taxation          | 36   | (51,269)       | 2,981            |
| <b>Profit/(loss) after taxation</b>             |      | <b>64,553</b>  | <b>(120,083)</b> |
| (Rupees)  |      |                |                  |
| Earnings / (loss) per share - basic and diluted | 37   | 1.89           | (3.52)           |

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

The annexed notes 1 to 46 form an integral part of these financial statements.

Nooruddin Feerasta  
Chief Executive Officer

Shehzad Feerasta  
Director

Amjad Rahil  
Chief Financial Officer

# Statement of other Comprehensive Income

## for the year ended 30 June 2018

| Rupees in thousand  | Note | 2018          | 2017             |
|---|------|---------------|------------------|
| Profit / (loss) after taxation  |      | 64,553        | (120,083)        |
| <b>Other comprehensive income</b>   |      |               |                  |
| Items that will not be reclassified to profit or loss:                        |      |               |                  |
| - Remeasurement loss on defined benefit obligation                            | 22   | -             | (1,871)          |
| - Deferred tax credit relating to remeasurement of defined benefit obligation |      | -             | 561              |
| Items that may be reclassified subsequently to profit or loss:                |      |               |                  |
| - Surplus on revaluation of freehold land                                     | 7.1  | -             | 1,425,668        |
| Other comprehensive income for the year                                       |      | -             | 1,424,358        |
| <b>Total comprehensive income</b>   |      | <b>64,553</b> | <b>1,304,275</b> |

The annexed notes 1 to 46 form an integral part of these financial statements.

Nooruddin Feerasta  
Chief Executive Officer

Shehzad Feerasta  
Director

Amjad Rahil  
Chief Financial Officer



# Statement of Cash Flows

## for the year ended 30 June 2018

| Rupees in thousand                                      | Note | 2018        | 2017        |
|---|------|-------------|-------------|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>              |      |             |             |
| Cash generated from / (used in) operations              | 38   | 196,365     | (26,133)    |
| Finance costs paid                                      |      | (117,596)   | (111,193)   |
| Income tax paid   |      | (12,265)    | (11,017)    |
| Staff retirement benefits paid                          |      | (11,498)    | (10,248)    |
| Profit / Mark-up received                               |      | 919         | 934         |
| Net Cash inflow / (outflow) from operating activities   |      | 55,925      | (157,657)   |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>              |      |             |             |
| Capital expenditure                                     |      | (380,126)   | (64,614)    |
| Proceeds from disposal of property, plant and equipment |      | -           | 174         |
| Long-term deposits                                      |      | -           | (35)        |
| Net cash outflow from investing activities              |      | (380,126)   | (64,475)    |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>              |      |             |             |
| Long-term financing                                     |      | (40,700)    | (61,293)    |
| Liabilities against assets subject to finance lease     |      | 9,192       | (1,026)     |
| Net cash (outflow) / inflow from financing activities   |      | (31,508)    | (62,319)    |
| Net decrease in cash and cash equivalents               |      | (355,709)   | (284,451)   |
| Cash and cash equivalents at the beginning of the year  |      | (1,776,880) | (1,492,429) |
| Effect of exchange rate fluctuations                    |      | 128         | -           |
| Cash and cash equivalents at the end of the year        |      | (2,132,461) | (1,776,880) |
| <b>Cash and cash equivalents</b>                        |      |             |             |
| Cash and bank balances                                  | 17   | 14,482      | 62,920      |
| Short-term borrowings                                   | 26   | (2,146,943) | (1,839,800) |
|   |      | (2,132,461) | (1,776,880) |

The annexed notes 1 to 46 form an integral part of these financial statements.

Nooruddin Feerasta  
Chief Executive Officer

Shehzad Feerasta  
Director

Amjad Rahil  
Chief Financial Officer

# Statement of Changes in Equity

## for the year ended 30 June 2018

(Rupees '000)

|   | Issued,<br>subscribed and<br>paid-up capital | Capital Reserves<br>Share premium<br>(note-19) | Revenue Reserves<br>General reserve | Accumulated<br>Loss | Surplus on<br>revaluation of<br>freehold land | Total     |
|---|--|--|-------------------------------------|---------------------|---|-----------|
| Balance as on 01 July 2016                                      | 340,685                                      | 71,490   | 1,664,125                           | (1,336,889)         | 293,388                                       | 1,032,799 |
| Total Comprehensive loss  |  |  |                                     |                     |   |           |
| - Loss for the year ended 30 June 2017                          | -  | -  | -                                   | (120,083)           | -   | (120,083) |
| - Other comprehensive income for<br>the year ended 30 June 2017 | -  | -  | -                                   | (1,310)             | 1,425,668                                     | 1,424,358 |
|   | -  | -  | -                                   | (121,393)           | 1,425,668                                     | 1,304,275 |
| Balance as on 30 June 2017                                      | 340,685                                      | 71,490   | 1,664,125                           | (1,458,282)         | 1,719,056                                     | 2,337,074 |
| Balance as on 01 July 2017                                      | 340,685                                      | 71,490   | 1,664,125                           | (1,458,282)         | 1,719,056                                     | 2,337,074 |
| Total Comprehensive income                                      |  |  |                                     |                     |   |           |
| - Profit for the year ended 30 June 2018                        | -  | -  | -                                   | 64,553              | -   | 64,553    |
| - Other comprehensive income for<br>the year ended 30 June 2018 | -  | -  | -                                   | -                   | -   | -         |
|   | -  | -  | -                                   | 64,553              | -   | 64,553    |
| Balance as on 30 June 2018                                      | 340,685                                      | 71,490   | 1,664,125                           | (1,393,729)         | 1,719,056                                     | 2,401,627 |

The annexed notes 1 to 46 form an integral part of these financial statements.

Nooruddin Feerasta  
Chief Executive Officer

Shehzad Feerasta  
Director

Amjad Rahil  
Chief Financial Officer

# Notes to the Financial Statements

## for the year ended 30 June 2018

### 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 and the factory is situated at 30.2 Kilometer Lahore - Sheikhpura Road, Sheikhpura. The Company is principally engaged in the manufacture and sale of polyester products.

### 2 Significant transactions and events affecting the Company's financial position and performance

All significant transactions and events that have affected the Company's statement of financial position and performance have been discussed below and adequately disclosed in the notes to these financial statements, where ever necessary.

- a) The Exchange rate of USD to PKR has increased from PKR 104.86 as at 30 June 2017 to PKR 121.73 as at 30 June 2018;
- b) Due to applicability of the Companies Act, 2017 to the financial statements of the Company, amounts reported for the previous period have been reclassified. For detailed information please refer to note 4.1 and note 6; and
- c) For a detailed discussion about the Company's performance please refer to the director's report.

### 3 Significant accounting information and policies

#### 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 the reporting standards applicable in Pakistan Comprises of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and the directives issued under the Companies Act, 2017

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs, 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 unless otherwise specifically stated.

### 4 New standards, amendments to approved accounting standards and new interpretations

#### 4.1 Amendments to approved accounting standards and interpretations which are effective during the year ended June 30, 2018

The third and fourth schedule to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of these financial statements. The Companies Act, 2017 (including its third and fourth schedule) forms an integral part of the statutory financial reporting framework applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements.

The other amendments to published standards and interpretations that were mandatory for the Company's financial year ended June 30, 2018 are considered not to be relevant or to have any significant effect on the Company's financial reporting and therefore not disclosed in these financial statements.

# Notes to the Financial Statements

## for the year ended 30 June 2018

### 4.2 New standards, amendments to approved accounting standards and interpretations that are effective for the Company's accounting periods beginning on or after July 1, 2018

There are certain new standards, amendments to the approved accounting standards and interpretations that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2018.

However, these amendments and interpretations will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these financial statements. Further during the current year the Securities and Exchange Commission of Pakistan (the SECP) has adopted IFRS 9 'Financial Instruments', IFRS 15 'Revenue from Customers' and IFRS 16 'Leases'. IFRS 9 and IFRS 15 are applicable for the Company's financial reporting period beginning on July 1, 2018 while IFRS 16 is applicable for the reporting period beginning on July 1, 2019. At present, the impacts of application of these IFRSs on the Company's future financial statements are being assessed. Further, IFRS 17 'Insurance contracts' is yet to be adopted by the SECP.

## 5 Significant accounting policies

The significant accounting policies as set out below are consistently applied for all periods presented in these financial statements except for the changes as stated in note 4 and note 6 to these financial statements.

### 5.1 Property, plant and equipment

#### 5.1.1 Operating fixed assets

These are stated at cost less accumulated depreciation less accumulated impairment losses, if any, except for freehold land and leasehold land which are stated at revalued amount.

Depreciation on operating fixed assets is calculated on reducing balance method. Full month's depreciation is charged in the month of addition, whereas no depreciation is charged in the month of disposal or deletion of assets. Rates of depreciation, which are disclosed in note 7, are determined to allocate the cost of an asset less estimated residual value, if significant, over its useful life.

The assets' residual values and useful lives are reviewed, and adjusted if significant, at each reporting date.

Disposal of assets is recognised when significant risks and reward incidental to the ownership have been transferred to buyers. Gains / losses on disposal of assets are recognised in income / expense in the year of disposal.

Increases in the carrying amounts arising on revaluation of land and buildings are recognised, net of tax, in other comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses a decrease previously recognised in the statement of profit or loss, the increase is first recognised in the statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the statement of profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from revaluation surplus on property, plant and equipment to unappropriated profit.

Normal repairs and maintenance costs are charged to the profit and loss account as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.



# Notes to the Financial Statements

## for the year ended 30 June 2018

### 5.1.2 Capital work-in-progress

Capital work-in-progress is stated at cost and consists of expenditure incurred, advances made and other directly attributable costs in respect of operating fixed assets in the course of their construction and installation. Transfers are made to relevant operating fixed assets category as and when assets are available for use.

### 5.2 Impairment

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment loss. If any such indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognized for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less costs to sell and value in use. Impairment losses are charged to profit and loss.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

### 5.3 Investment property

Property held to earn rentals or for capital appreciation or for both is classified as investment property. Investment property comprises freehold land and buildings. Investment property is carried at fair value.

Investment property of the Company is valued by independent professionally qualified valuers. The fair value of investment property (in accordance with IFRS 13) reflects, among other things, rental income from current leases and other assumptions that market participants would use when pricing investment property under current market conditions. The fair value of the investment property is based on professional assessment of the price that would be received to sell the property in an orderly transaction between market participants at the measurement date.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference between the carrying amount and fair value of this item at the date of transfer is recognised in equity as a revaluation reserve for investment property. However, if fair value gain reverses a previous impairment loss, the gain is recognised in the profit and loss account. Upon the disposal of such investment property, any surplus previously recorded in equity is transferred to retained earnings, the transfer is not made through profit and loss account.

If an investment property becomes owner-occupied or stock-in-trade, it is reclassified as property, plant and equipment or stock-in-trade and its fair value at the date of reclassification becomes its cost for accounting purpose for subsequent recording.

### 5.4 Financial instruments

#### 5.4.1 Financial assets

The Company classifies its financial assets in the following categories:

- at fair value through profit or loss;
- loans and receivables;
- available for sale; and
- held to maturity.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

# Notes to the Financial Statements

## for the year ended 30 June 2018

a) **At fair value through profit or loss**

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

b) **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the reporting date, which are classified as non-current assets. Loans and receivables comprise advances, deposits and other receivables and cash and cash equivalents in the balance sheet.

c) **Available-for-sale financial assets**

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose off the investments within twelve months from the reporting date.

d) **Held to maturity**

Financial assets with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity are classified as held to maturity and are stated at amortised cost.

All financial assets are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognised on trade-date – the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit and loss account. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest rate method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the profit and loss account in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit and loss account as part of other income when the Company's right to receive payments is established.

Changes in the fair value of securities classified as available-for-sale are recognised in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the profit and loss account as gains and losses from investment securities. Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit and loss account. Dividends on available-for-sale equity instruments are recognised in the profit and loss account when the Company's right to receive payments is established.

The fair values of quoted investments are based on current prices. If the market for a financial asset is not active (and for unlisted securities), the Company measures the investments at cost less impairment in value, if any.

# Notes to the Financial Statements

## for the year ended 30 June 2018

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is removed from equity and recognised in the profit and loss account. Impairment losses recognised in the profit and loss account on equity instruments are not reversed through the profit and loss account.

### 5.4.2 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit and loss account.

### 5.4.3 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 a legally enforceable right to set off the recognized amount and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

## 5.5 Advances, deposits and prepayments

These are stated at cost which represents the fair value of consideration given.

## 5.6 Stores, spares and loose tools

Stores, spares and loose tools are valued at lower of moving average cost and net realizable value. Items-in-transit are valued at cost comprising invoice value plus Other expenses paid thereon. Provision is made for slow moving and obsolete items.

## 5.7 Stock-in-trade

Stock-in-trade, except for those in transit, are valued at lower of weighted average cost and net realizable value. Items-in-transit are valued at cost comprising invoice value plus Other expenses paid thereon. Cost of work-in-process and finished goods comprises direct material, labour and appropriate manufacturing overheads.

Provision is made for slow moving and obsolete items.

Net realizable value signifies the estimated selling price in the ordinary course of business less cost of completion and costs necessarily to be incurred in order to make a sale.

## 5.8 Trade debts and other receivables

Trade debts and other receivables are stated at original invoice amount less provision for doubtful debts, if any. Provision for doubtful debt / receivables is based on the management's assessment of customers' outstanding balances and credit worthiness. Bad debts are written-off when identified.

Other receivables and receivables from related parties are recognized and carried at cost.

## 5.9 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise short-term borrowings, cash in hand and cash with banks in current and saving accounts.

# Notes to the Financial Statements

## for the year ended 30 June 2018

### 5.10 Staff retirement benefits

#### 5.10.1 Defined benefit plan - Gratuity

The Company operates an Unfunded Defined Benefit Gratuity Scheme for all its permanent employees who attain the minimum qualification period for entitlement to gratuity. The provision is made on the basis of actuarial recommendation to cover the obligation under the scheme for all employees eligible to gratuity benefits. The Company conducts actuarial valuation after every two years and the latest actuarial valuation being carried out at 30 June 2017 (refer note 21).

#### 5.10.2 Defined contribution plan - Provident fund

The Company operates an approved provident fund scheme which covers all permanent employees. Equal monthly contributions are made by the Company and employees. Contribution is made by the Company at the rate of 8.33 % of basic salary.

### 5.11 Taxation

#### 5.11.1 Current

Provision for current taxation is based on taxable income at the enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for the current tax also includes adjustments to charge for prior years, if any.

#### 5.11.2 Deferred

Deferred tax is provided in full using the balance sheet liability method on all temporary differences arising at the reporting date, between the tax bases of assets and the liabilities and their carrying amounts. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which these can be utilised.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. In this regard, the effects on the deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirement of Accounting Technical Release - 27 of the Institute of Chartered Accountants of Pakistan. Deferred tax is charged or credited to income.

Deferred tax relating to items recognised outside profit and loss account is recognised outside profit and loss account. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

### 5.12 Compensated absences

The Company accounts for compensated absences in the accounting period in which these are earned.

### 5.13 Trade and other payables

Liabilities for trade and other amounts payable are recognized and carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

### 5.14 Provisions

A provision is recognized in the balance sheet when the Company has a present legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting future cash flows and appropriate discount rate wherever required. Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.



# Notes to the Financial Statements

## for the year ended 30 June 2018

### 5.15 Borrowings and borrowing cost

Borrowings are recorded at the proceeds received. Financial charges are accounted for on an accrual basis and are disclosed as 'Mark-up Accrued' to the extent of the amount remaining unpaid.

All mark-up, interest and Other expenses on long-term and short-term borrowings are charged to profit in the period in which they are incurred.

Borrowing cost directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets, until such time as the assets are ready for their intended use.

### 5.16 Revenue recognition

Revenue from sales is recognized on dispatch of goods to customers and in case of export when the goods are shipped.

Revenue on bank deposits is recognized on a time proportion basis on the principal amount outstanding and at the rate applicable.

Dividend income, if any, on equity investments is recognized as income when the right of receipt is established.

### 5.17 Proposed dividend and transfer between reserves

Dividend declared and transferred between reserves made subsequent to the reporting date are considered as non-adjusting events and are recognized in the financial statements in the period in which such dividends are declared / transfers made.

### 5.18 Transaction with related party

All transactions with related parties are entered into at arm's length basis as disclosed in note 41 (as defined in Companies Act, 2017)

### 5.19 Foreign currency transactions and translation

#### a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

#### b) Transactions and balances

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account.

## 6 Change in accounting policy

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.

Following the application of IAS 16, the Company's accounting policy for surplus on revaluation of land and building stands amended as follows:

# Notes to the Financial Statements

## for the year ended 30 June 2018

Increases in the carrying amounts arising on revaluation of land and buildings are recognised, net of tax, in other comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses a decrease previously recognised in the statement of profit or loss, the increase is first recognised in the statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the statement of profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from revaluation surplus on property, plant and equipment to unappropriated profit.

7 Property, plant and equipment  
Operating fixed assets  
Capital work-in-progress

| Note | 2018<br>(Rupees '000) | 2017<br>(Rupees '000) |
|------|-----------------------|-----------------------|
| 7.1  | 2,967,430             | 2,963,381             |
| 7.3  | 234,019               | 7,972                 |
|      | <u>3,201,449</u>      | <u>2,971,353</u>      |

7.1 Operating fixed assets

| Operating fixed assets       |                          |                                     |                       |         |                   |                      |          |                  |              |             |          |           |             |  | Rupees in thousand              |  |       |
|------------------------------|--------------------------|-------------------------------------|-----------------------|---------|-------------------|----------------------|----------|------------------|--------------|-------------|----------|-----------|-------------|--|---------------------------------|--|-------|
| Owned Assets                 |                          |                                     |                       |         |                   |                      |          |                  |              |             |          |           |             |  | Assets subject to finance lease |  | Total |
| Freehold Land                | Factory on freehold land | Building<br>Office on freehold land | Office on leased land | Roads   | Plant & machinery | Furniture & fittings | Vehicles | Office equipment | Other assets | Sub-total   | Vehicles | Sub-total |             |  |                                 |  |       |
| Net carrying value basis     |                          |                                     |                       |         |                   |                      |          |                  |              |             |          |           |             |  |                                 |  |       |
| Year ended 30 June 2018      |                          |                                     |                       |         |                   |                      |          |                  |              |             |          |           |             |  |                                 |  |       |
| Opening net book value (NBV) |                          |                                     |                       |         |                   |                      |          |                  |              |             |          |           |             |  |                                 |  |       |
| 1,446,840                    | 66,609                   | 13,634                              | 139,621               | 1,606   | 1,225,193         | 9,110                | 27,560   | 25,661           | 2,381        | 2,958,215   | 5,166    | 5,166     | 2,963,381   |  |                                 |  |       |
| -                            | 1,393                    | -                                   | -                     | 103     | 150,721           | 16                   | -        | 1,751            | 95           | 154,079     | -        | -         | 154,079     |  |                                 |  |       |
| Disposals / write offs:      |                          |                                     |                       |         |                   |                      |          |                  |              |             |          |           |             |  |                                 |  |       |
| -                            | -                        | -                                   | -                     | -       | -                 | -                    | -        | -                | -            | -           | -        | -         | -           |  |                                 |  |       |
| -                            | -                        | -                                   | -                     | -       | -                 | -                    | -        | -                | -            | -           | -        | -         | -           |  |                                 |  |       |
| Depreciation Charge          |                          |                                     |                       |         |                   |                      |          |                  |              |             |          |           |             |  |                                 |  |       |
| -                            | (6,746)                  | (682)                               | (6,980)               | (85)    | (125,198)         | (912)                | (5,724)  | (2,639)          | (244)        | (149,210)   | (820)    | (820)     | (150,030)   |  |                                 |  |       |
| 1,446,840                    | 61,256                   | 12,952                              | 132,641               | 1,624   | 1,250,716         | 8,214                | 21,836   | 24,773           | 2,232        | 2,963,084   | 4,346    | 4,346     | 2,967,430   |  |                                 |  |       |
| Gross carrying value basis   |                          |                                     |                       |         |                   |                      |          |                  |              |             |          |           |             |  |                                 |  |       |
| As at 30 June 2018           |                          |                                     |                       |         |                   |                      |          |                  |              |             |          |           |             |  |                                 |  |       |
| 1,446,840                    | 248,347                  | 25,418                              | 221,708               | 5,212   | 3,633,330         | 30,458               | 44,324   | 84,844           | 7,344        | 5,747,825   | 6,456    | 6,456     | 5,754,281   |  |                                 |  |       |
| -                            | (187,091)                | (12,466)                            | (89,067)              | (3,588) | (2,382,614)       | (22,244)             | (22,488) | (60,071)         | (5,112)      | (2,784,741) | (2,110)  | (2,110)   | (2,786,851) |  |                                 |  |       |
| 1,446,840                    | 61,256                   | 12,952                              | 132,641               | 1,624   | 1,250,716         | 8,214                | 21,836   | 24,773           | 2,232        | 2,963,084   | 4,346    | 4,346     | 2,967,430   |  |                                 |  |       |
| -                            | 10                       | 5                                   | 5                     | 5       | 10                | 10                   | 20       | 10               | 10           | -           | 20       | -         | -           |  |                                 |  |       |
| Net carrying value basis     |                          |                                     |                       |         |                   |                      |          |                  |              |             |          |           |             |  |                                 |  |       |
| Year ended 30 June 2017      |                          |                                     |                       |         |                   |                      |          |                  |              |             |          |           |             |  |                                 |  |       |
| Opening net book value (NBV) |                          |                                     |                       |         |                   |                      |          |                  |              |             |          |           |             |  |                                 |  |       |
| 21,172                       | 73,314                   | 14,184                              | 146,970               | 1,410   | 1,293,987         | 9,908                | 12,580   | 23,704           | 2,263        | 1,599,492   | 6,191    | 6,191     | 1,605,683   |  |                                 |  |       |
| -                            | 652                      | 160                                 | -                     | 271     | 63,171            | 212                  | 19,319   | 4,783            | 360          | 88,928      | -        | -         | 88,928      |  |                                 |  |       |
| 1,425,668                    | -                        | -                                   | -                     | -       | -                 | -                    | -        | -                | -            | 1,425,668   | -        | -         | 1,425,668   |  |                                 |  |       |
| Disposals / write offs:      |                          |                                     |                       |         |                   |                      |          |                  |              |             |          |           |             |  |                                 |  |       |
| -                            | -                        | -                                   | -                     | -       | -                 | -                    | -        | -                | -            | -           | -        | -         | -           |  |                                 |  |       |
| -                            | -                        | -                                   | -                     | -       | -                 | -                    | -        | (432)            | -            | (432)       | -        | -         | (432)       |  |                                 |  |       |
| -                            | -                        | -                                   | -                     | -       | -                 | -                    | -        | 258              | -            | 258         | -        | -         | 258         |  |                                 |  |       |
| -                            | -                        | -                                   | -                     | -       | -                 | -                    | -        | (174)            | -            | (174)       | -        | -         | (174)       |  |                                 |  |       |
| -                            | (7,357)                  | (710)                               | (7,349)               | (75)    | (131,965)         | (1,010)              | (4,339)  | (2,652)          | (242)        | (155,699)   | (1,025)  | (1,025)   | (156,724)   |  |                                 |  |       |
| 1,446,840                    | 66,609                   | 13,634                              | 139,621               | 1,606   | 1,225,193         | 9,110                | 27,560   | 25,661           | 2,381        | 1,532,547   | 5,166    | 5,166     | 2,963,381   |  |                                 |  |       |
| Gross carrying value basis   |                          |                                     |                       |         |                   |                      |          |                  |              |             |          |           |             |  |                                 |  |       |
| As at 30 June 2017           |                          |                                     |                       |         |                   |                      |          |                  |              |             |          |           |             |  |                                 |  |       |
| Cost                         |                          |                                     |                       |         |                   |                      |          |                  |              |             |          |           |             |  |                                 |  |       |
| 1,446,840                    | 246,954                  | 25,418                              | 221,708               | 5,109   | 3,482,609         | 30,442               | 44,324   | 83,093           | 7,249        | 5,593,746   | 6,456    | 6,456     | 5,600,202   |  |                                 |  |       |
| -                            | (180,345)                | (11,784)                            | (82,087)              | (3,503) | (2,257,416)       | (21,332)             | (16,764) | (57,432)         | (4,868)      | (2,635,531) | (1,290)  | (1,290)   | (2,636,821) |  |                                 |  |       |
| 1,446,840                    | 66,609                   | 13,634                              | 139,621               | 1,606   | 1,225,193         | 9,110                | 27,560   | 25,661           | 2,381        | 2,958,215   | 5,166    | 5,166     | 2,963,381   |  |                                 |  |       |
| -                            | 10                       | 5                                   | 5                     | 5       | 10                | 10                   | 20       | 10               | 10           | -           | 20       | -         | -           |  |                                 |  |       |
| Depreciation rate p.a. (%)   |                          |                                     |                       |         |                   |                      |          |                  |              |             |          |           |             |  |                                 |  |       |

7.2 The depreciation charge has been allocated as follows:

| Note | 2018<br>(Rupees '000) | 2017<br>(Rupees '000) |
|------|-----------------------|-----------------------|
| 30   | 132,273               | 139,639               |
| 31   | 888                   | 854                   |
| 32   | 16,869                | 16,231                |
|      | <u>150,030</u>        | <u>156,724</u>        |

Cost of sale  
Selling and distribution expenses  
Administrative and general expenses

# Notes to the Financial Statements

## as at 30 June 2018

| (Rupees in thousand) |   | Note | 2018           | 2017           |
|----------------------|---|------|----------------|----------------|
| <b>7.3</b>           | <b>Capital work-in-progress</b>         |      |                |                |
|                      | Civil works                             |      | 37,338         | 4,385          |
|                      | Plant and machinery                     |      | 191,184        | 2,647          |
|                      | Vehicles                                |      | 2              | -              |
|                      | Office equipment                        |      | 2,594          | 732            |
|                      | Furniture and fixture                   |      | 2,901          | 208            |
|                      |   |      | <u>234,019</u> | <u>7,972</u>   |
| <b>8</b>             | <b>Investment property</b>              |      |                |                |
|                      | Fair value at the beginning of the year |      | 400,000        | 400,000        |
|                      | Fair value gain during the year         | 8.1  | 37,500         | -              |
|                      | Fair value at the end of the year       |      | <u>437,500</u> | <u>400,000</u> |

**8.1** The fair value of investment property was determined at 25 February 2018 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. The forced sale value as at 30 June 2018 amount to Rs: 371.875 million.

| (Rupees in thousand) |                                       | Note | 2018           | 2017           |
|----------------------|---------------------------------------|------|----------------|----------------|
| <b>9</b>             | <b>Long-term deposits</b>             |      |                |                |
|                      | Security deposits                     |      | 4,396          | 4,396          |
|                      |                                       |      | <u>4,396</u>   | <u>4,396</u>   |
| <b>10</b>            | <b>Stores, spares and loose tools</b> |      |                |                |
|                      | Stores -                              |      |                |                |
|                      | - In hand                             |      | 106,581        | 102,054        |
|                      | Spares -                              |      |                |                |
|                      | - In hand                             |      | 764,812        | 740,638        |
|                      | - In transit                          |      | 1,245          | 23,088         |
|                      |                                       |      | <u>766,057</u> | <u>763,726</u> |
|                      | Loose tools -                         |      |                |                |
|                      | - In hand                             |      | 6,597          | 6,577          |
|                      |                                       |      | <u>879,235</u> | <u>872,357</u> |
| <b>11</b>            | <b>Stock-in-trade</b>                 |      |                |                |
|                      | Raw and packing materials -           |      |                |                |
|                      | - In hand                             |      | 456,789        | 373,231        |
|                      | - In transit                          |      | 77,588         | 7,855          |
|                      |                                       |      | <u>534,377</u> | <u>381,086</u> |
|                      | Work-in-process                       |      | 45,180         | 29,981         |
|                      | Finished goods                        | 11.1 | 245,036        | 314,414        |
|                      |                                       |      | <u>824,593</u> | <u>725,481</u> |

**11.1** Finished goods of Rs. 0.635 million (2017: 13.490 million) are being carried at net realisable value and an amount of Rs. 0.740 million (2017: 1.787 million) has been charged to cost of sales.

# Notes to the Financial Statements

## as at 30 June 2018

| (Rupees in thousand)                           | Note | 2018   | 2017   |
|--|------|--------|--------|
| <b>12 Trade debts</b>                          |      |        |        |
| Considered good - Unsecured                    |      | 12,698 | 1,461  |
|  |      | 12,698 | 1,461  |
| <b>13 Loans and advances - Considered good</b> |      |        |        |
| Loans due from -                               |      |        |        |
| - Non-Executives                               | 13.1 | 1,980  | 1,969  |
| Advances due from -                            |      |        |        |
| - Staff against expenses                       |      | 324    | 837    |
| - Suppliers and contractors                    |      | 21,735 | 27,643 |
|  |      | 22,059 | 28,480 |
|  |      | 24,039 | 30,449 |

**13.1** Loans have been granted under staff loan policy, as temporary financial assistance, to staff. These are secured against the gratuity payable to employees and are recoverable in 12 equal monthly installments. These loans carry mark-up at the rate of 14.00% (2017: 14.00%) per annum. The maximum aggregate amount of loans and advances due from non-executives at the end of any month during the year was Rs. 2.638 million (2017: Rs. 1.969 million). The chief executive officer and directors have not taken any loan or advance from the Company.

| (Rupees in thousand)                                | Note | 2018     | 2017     |
|---|------|----------|----------|
| <b>14 Trade deposits and short-term prepayments</b> |      |          |          |
| <b>Deposits - Considered good</b>                   |      |          |          |
| Margin on bank guarantees                           |      | 265      | 265      |
| <b>Prepayments - Considered good</b>                |      |          |          |
| Prepaid insurance                                   |      | -        | 727      |
| Other prepayments                                   |      | -        | 169      |
|   |      | 265      | 1,161    |
| <b>15 Other Receivables</b>                         |      |          |          |
| <b>Considered good</b>                              |      |          |          |
| Due from related parties                            | 15.1 | 41,958   | 41,975   |
| Insurance claim receivable                          |      | 15       | 729      |
| Sales tax refundable                                |      | 304,500  | 416,444  |
| Others  |      | 2,641    | 3,756    |
|   |      | 349,114  | 462,904  |
| <b>Considered doubtful</b>                          |      |          |          |
| Sales tax refundable                                |      | 28,497   | 28,513   |
| Less: Provision for doubtful receivables            | 15.4 | (26,805) | (26,821) |
|   |      | 1,692    | 1,692    |
| Others  |      | 15,007   | 15,043   |
|   |      | 365,813  | 479,639  |

**15.1** Maximum amount due from associated companies at the end of any month during the year was Rs. 41.577 million (2017: Rs. 41.975 million). The amount due from associated companies are in the normal course of business and are interest free.



# Notes to the Financial Statements

## as at 30 June 2018

| (Rupees in thousand)  | 2018          | 2017          |
|---|---------------|---------------|
| <b>15.2 Other receivables due from related parties include the following:</b>                   |               |               |
| Spintex Limited   | 41,910        | 41,943        |
| Rupafil Limited   | 17            | 1             |
| Rupafil PowerGen (Pvt.) Limited   | 31            | 31            |
|   | <b>41,958</b> | <b>41,975</b> |
| <b>15.3 The aging analysis of other receivable due from associated companies is as follows:</b> |               |               |
| Upto 1 month  | 448           | 434           |
| 1 to 6 months   | -             | -             |
| More than 6 months  | 41,510        | 41,527        |
|   | <b>41,958</b> | <b>41,961</b> |

**15.4** This includes provision for doubtful receivable amounting to Rs. 24.204 million (2017: Rs. 24.204 million), which has been created towards payments made under protest to Sales Tax Department to avail amnesty offered vide SRO 575 (I) / 1998 dated 12.06.1998 and SRO 679 (I) / 1999 dated 12/06/1999.

| (Rupees in thousand)                                       | Note | 2018           | 2017           |
|--|------|----------------|----------------|
| <b>16 Taxation - net</b>                                   |      |                |                |
| Opening Balance  |      | 179,754        | 177,304        |
| Tax payments / adjustments during the year - net of refund |      | 11,999         | 46,387         |
|  |      | <b>191,753</b> | <b>223,691</b> |
| Provision for taxation                                     | 36   | (60,479)       | (43,937)       |
|  |      | <b>131,274</b> | <b>179,754</b> |

The income tax assessment of the company has been finalized up to Tax Year 2017 (accounting year ended 30 June 2017). Return for the tax year 2017 has been duly filed.

### 17 Cash and bank balances

#### Balance with banks

|                    |      |               |               |
|--------------------|------|---------------|---------------|
| - Current accounts |      | 9,881         | 307           |
| - PLS Accounts     |      |               |               |
| - Local currency   | 17.1 | 219           | 58,298        |
| - Foreign currency | 17.2 | 22            | 19            |
|                    |      | <b>10,122</b> | <b>58,624</b> |

#### Cash in hand

|                    |  |               |               |
|--------------------|--|---------------|---------------|
| - Local currency   |  | 3,896         | 3,966         |
| - Foreign currency |  | 464           | 330           |
|                    |  | <b>4,360</b>  | <b>4,296</b>  |
|                    |  | <b>14,482</b> | <b>62,920</b> |

**17.1** The balances in PLS accounts carry mark-up rate ranging between 3.40 to 6.30% (2017: 4.00% to 7.50%) for local currency and nil (2017: nil) for foreign currency.

**17.2** Cash at banks in PLS accounts include US \$ 181.12 (2017: US \$ 181.12).

# Notes to the Financial Statements

## as at 30 June 2018

| (Rupees in thousand) |  | Note | 2018 | 2017 |
|----------------------|--|------|------|------|
| 18                   | Issued, subscribed and paid-up capital |      |      |      |
|                      |  |      |      |      |
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## 20 Surplus on revaluation of freehold land

During the year ended 30 June 2017, the Company carried out revaluation of one of its freehold land which represents an area measuring nine hundred and sixty four kanals situated at Sheikhpura Road, Lahore. M/s Hamid Mukhtar & Co. (Pvt.) Limited carried out the valuation exercise, based on their assessment and prevailing market conditions of real estate in that area. They were of the opinion that fair market rate of the plot was assessed to be Rs. 1.5 million per kanal at that date with forced sales value of Rs: 1.20 million per kannal.

# Notes to the Financial Statements

## as at 30 June 2018

| (Rupees in thousand)                            | Note | 2018           | 2017           |
|---|------|----------------|----------------|
| <b>21 Long-term financing</b>                   |      |                |                |
| From banking companies - secured                |      |                |                |
| - Utilized under mark-up arrangement            | 21.1 | 214,769        | 245,172        |
| Current portion shown under current liabilities | 27   | (71,590)       | (61,293)       |
| <b>Non-current portion</b>                      |      | <b>143,179</b> | <b>183,879</b> |

**21.1** 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 fixed assets aggregating to Rs. 667 million, lien over import documents and promissory note of Rs. 975 million and carries a mark-up of 6 month KIBOR + 0.5% to be reset on biannual basis. The loan was repayable in 10 half yearly instalments and six instalments are outstanding as at the end of the reporting period.

## 22 Staff retirement benefits

### 22.1 Defined benefit plan - gratuity

The scheme provides for terminal benefits for all its permanent employees who attain the minimum qualifying period for entitlement to gratuity.

Annual charge is based on actuarial valuation conducted in accordance with IAS-19 (Revised) - 'Employee Benefits' as of 30 June 2017, using the Projected Unit Credit Method.

#### 22.1.1 Principal actuarial assumptions

Following are a few important actuarial assumptions used in valuation:

|   | 2018 | 2017 |
|---|------|------|
| Discount rate (%) per annum                                       | 7.25 | 7.25 |
| Expected rate of salary increase in future years (%) per annum    | 6.25 | 6.25 |
| Average expected remaining working life time of employees (years) | 7    | 7    |
| Average duration of liability (years)                             | 6    | 6    |

The gratuity scheme exposes the Company to the following risks:

#### a) Mortality risk

The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service / age distribution and the benefit

#### b) Investment risks

The Company is not managing any plan asset

#### c) Final salary risks

The risk that the final salary at the time of cessation of service is higher than what was assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

#### d) Risk of insufficiency of assets

The Company is exposed to risk of insufficiency of funds at the time of payment.

#### e) Withdrawal risk

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

# Notes to the Financial Statements

## as at 30 June 2018

| (Rupees in thousand)   | Note   | 2018     | 2017     |
|--|--------|----------|----------|
| <b>22.1.2 The amount recognised in the balance sheet</b>   |        |          |          |
| Present value of defined benefit obligation  | 22.1.3 | 152,458  | 138,587  |
| Less: fair value of plan assets  |        | -        | -        |
| Defined benefit liability at the end of the year   |        | 152,458  | 138,587  |
| <b>22.1.3 Reconciliation of present value of defined benefit obligation</b>  |        |          |          |
| Present value at the beginning of the year   |        | 138,587  | 121,043  |
| Charge for the year - Profit and loss account  | 22.1.4 | 25,369   | 25,921   |
| Charge for the year - Other comprehensive income   | 22.1.5 | -        | 1,871    |
| Benefits paid during the year  |        | (11,498) | (10,248) |
| Present value at the end of the year   |        | 152,458  | 138,587  |
| <b>22.1.4 Amount chargeable to profit or loss for the year</b>   |        |          |          |
| Current service cost   |        | 15,946   | 15,488   |
| Net interest cost  |        | 9,423    | 10,433   |
|  |        | 25,369   | 25,921   |
| <b>22.1.5 Remeasurement of net defined benefit liability</b>   |        |          |          |
| Actuarial losses due to changes in demographic assumptions   |        | -        | -        |
| Actuarial losses due to experience assumptions   |        | -        | 1,871    |
|  |        | -        | 1,871    |
| <b>22.1.6 Charge for the year has been allocated as follows:</b>   |        |          |          |
| Cost of sales  | 30     | 16,647   | 17,009   |
| Selling and distribution expenses  | 31     | 436      | 446      |
| Administrative and general expenses  | 32     | 8,286    | 8,466    |
|  |        | 25,369   | 25,921   |
| <b>22.1.7 Sensitivity analysis</b>   |        |          |          |
| The calculation of defined benefit obligation is sensitive to assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting period would have increased/(decreased) as a result of a change in respective assumptions by one percent. |        |          |          |

| (Rupees in thousand)                          | Effect of 1% increase | Effect of 1% decrease |
|---|-----------------------|-----------------------|
| Present value in case of discount rate        | 142,883               | 163,565               |
| Present value in case of future salary growth | 163,565               | 142,714               |

The above sensitivity analysis are based on the changes in assumptions while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of defined benefit obligation to significant assumptions the same method (Projected Unit Credit Method) has been applied when calculating the liability recognised within the balance sheet.

# Notes to the Financial Statements

## as at 30 June 2018

### 22.2 Defined contribution plan - provident fund

The company has contributory provident fund scheme for benefits of all its permanent employees under the title of "Rupali Polyester Limited - Employees' Provident Fund Trust". The fund is maintained by the Trustees and all the decisions regarding investments and distribution of income etc. are made by the Trustees independent of the Company.

**22.2.1** The Trustees have intimated that the size of the Fund at the year end was Rs. 25.662 million (2017: Rs. 26.07)

**22.2.2** As intimated by the Trustees, the cost of investments made at the year end was Rs. 25.287 million (2017: Rs. 25.769 million), 98.54% of the total fund size (2017: 98.82%). Since the aforementioned funds are invested in PLS accounts therefore, the fair value of the investments equals its cost.

**22.2.3** According to the Trustees, investments out of the provident fund have been made in accordance with the provisions of section 218 of the Companies Act 2017.

| (Rupees in thousand)   | Note | 2018           | 2017           |
|--|------|----------------|----------------|
| <b>23 Deferred taxation - net</b>  |      |                |                |
| Deferred tax liability on taxable temporary differences  |      |                |                |
| - Accelerated tax depreciation allowance   |      | 258,592        | 268,983        |
| Deferred tax asset on deductible temporary differences   |      |                |                |
| - Defined benefit obligation   |      | -              | (561)          |
| - Liabilities against assets subject to finance lease  |      | (630)          | (984)          |
|  |      | <u>257,962</u> | <u>267,438</u> |
| <b>23.1</b> The applicable income tax rate for subsequent years beyond Tax Year 2018 was reduced to 29% on account of changes made Income Tax Ordinance, 2001 through Finance Act, 2018. Deferred tax, therefore, is computed at the rate of 29% applicable to the period when temporary differences are expected to be reversed / utilised. |      |                |                |
| <b>24 Liabilities against assets subject to finance lease</b>  |      |                |                |
| <b>Minimum lease payments</b>  |      |                |                |
| - payable within one year  |      | 1,313          | 1,205          |
| - payable after one year but before five years   |      | 1,020          | 2,445          |
|  |      | <u>2,333</u>   | <u>3,650</u>   |
| <b>Future financial charges</b>  |      |                |                |
| - payable within one year  |      | 122            | 196            |
| - payable after one year but before five years   |      | 35             | 173            |
|  |      | <u>157</u>     | <u>369</u>     |
| <b>Present value of minimum lease payments</b>   |      |                |                |
| - payable within one year  |      | 1,191          | 1,009          |
| - payable after one year but before five years   |      | 985            | 2,272          |
|  |      | <u>2,176</u>   | <u>3,281</u>   |
| Current portion shown under current liabilities  | 27   | (1,191)        | (1,009)        |
| <b>Non-current portion</b>   |      | <u>985</u>     | <u>2,272</u>   |



# Notes to the Financial Statements

## as at 30 June 2018

**24.1** Future minimum lease payments have been discounted at implicit interest rates ranging from of 7.40% to 7.48 % (2017: 7.50% to 11.50%) per annum to arrive at their present values. Rentals are payable in advance in monthly installments. 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 that the Company will exercise this option at maturity.

| (Rupees in thousand) |  | Note        | 2018             | 2017             |
|----------------------|--|-------------|------------------|------------------|
| <b>25</b>            | <b>Trade and other payables</b>                        |             |                  |                  |
|                      | Creditors  |             | 588,082          | 776,767          |
|                      | Accrued liabilities                                    |             | 73,210           | 69,989           |
|                      | Advances from customers                                |             | 8,261            | 12,633           |
|                      | Retention money  |             | 2,322            | 489              |
|                      | Payable to provident fund                              |             | 338              | 307              |
|                      | Income tax deducted at source                          |             | 201              | 437              |
|                      | Workers' profit participation fund                     | 25.1        | 13,731           | 7,508            |
|                      | Workers' welfare fund                                  |             | 2,415            | -                |
|                      | Other payables   |             | 1,580            | 1,091            |
|                      |  |             | <u>690,140</u>   | <u>869,221</u>   |
|                      | <b>25.1 Workers' profit participation fund</b>         |             |                  |                  |
|                      | Balance at the beginning of the year                   |             | 7,508            | 7,508            |
|                      | Add: Allocation for the year                           |             | 6,223            | -                |
|                      | Less: Amount paid to the trustees of the fund          |             | -                | -                |
|                      | Balance at the end of the year                         |             | <u>13,731</u>    | <u>7,508</u>     |
| <b>26</b>            | <b>Short-term borrowings</b>                           |             |                  |                  |
|                      | <b>From banking companies - secured</b>                |             |                  |                  |
|                      | Running finances under mark-up arrangements from banks | 26.1 & 26.2 | 1,557,985        | 1,499,800        |
|                      | <b>From related party - unsecured</b>                  |             |                  |                  |
|                      | Interest free loan                                     | 26.3        | 588,958          | 340,000          |
|                      |  |             | <u>2,146,943</u> | <u>1,839,800</u> |

**26.1** The aggregate finance facilities available from various commercial banks amounted to Rs. 1,681.242 million (2017: Rs. 1,681.242 million). These carry mark-up at the rates ranging from 6.54% to 8.30% (2017: 6.44% to 7.14%) p.a. and are secured against hypothecation charge on current assets of Rs. 2,089.265 million (2017: Rs. 2,089.265 million) and promissory notes of Rs. 1,798.729 million (2017: Rs. 1,690.100 million) respectively. Maximum amount utilised during the year ended 30 June 2018 amounted to Rs. 1,570.010 million (2017: Rs. 1,499.800 million).

**26.2** The facilities for opening letter of credit from various commercial banks as at 30 June 2017 aggregates to Rs. 1,914.060 million (2017: Rs. 1,914.060 million) of which the amount remained unutilised at the year-end was Rs. 1,334.651 million (2017: Rs. 859.787 million).

**26.3** The Company availed interest free and unsecured loan from Alnu Trust holding 17.83% (2017: 17.83%) of the total share capital of the Company. During the year, loan amounting to Rs. 318.958 million (2017: Rs. 77 million) has been obtained and Rs. 70 million (2017: Rs. 195 million) has been repaid. Maximum amount utilised during the year ended 30 June 2018 amounted to Rs. 627.958 million (2017: Rs. 340 million). The loan is repayable on demand by the trust.

# Notes to the Financial Statements

## for the year ended 30 June 2018

| (Rupees in thousand)                                | Note | 2018          | 2017          |
|---|------|---------------|---------------|
| <b>27 Current portion of long-term borrowings</b>   |      |               |               |
| Long-term financing                                 | 21   | 71,590        | 61,293        |
| Liabilities against assets subject to finance lease | 24   | 1,191         | 1,009         |
|   |      | <u>72,781</u> | <u>62,302</u> |

### 28 Contingencies and commitments

#### 28.1 Contingencies:

28.1.1 Guarantees issued to different organizations in the normal course of business amounted to Rs. 75.314 million (2017: Rs. 81.314 million).

28.1.2 No outstanding guarantees were given on behalf of related parties as at 30 June 2018 and 2017.

28.1.3 Various court cases involving immaterial amounts are pending against the Company but no provision has been made in these financial statements because management and legal advisors are confident that no amount would be payable in respect of these cases.

#### 28.2 Commitments:

28.2.1 Contracts for capital expenditure commitments outstanding as at 30 June 2018 amounted to Rs. 349.386 million (2017: Rs. 255.432 million).

28.2.2 Commitments against irrevocable letters of credit as at 30 June 2018 amounted to Rs. 579.409 million (2017: Rs. 1,054.272 million).

| (Rupees in thousand)                | Note | 2018             | 2017             |
|-------------------------------------|------|------------------|------------------|
| <b>29 Sales</b>                     |      |                  |                  |
| Gross sales - local                 |      | 6,070,383        | 5,040,040        |
| Less:                               |      |                  |                  |
| - Commission / discount             |      | (23,992)         | (13,020)         |
| - Sales Tax                         |      | (2,280)          | (1,619)          |
|                                     |      | <u>(26,272)</u>  | <u>(14,639)</u>  |
|                                     |      | <u>6,044,111</u> | <u>5,025,401</u> |
| <b>30 Cost of sales</b>             |      |                  |                  |
| Raw and packing materials consumed  |      | 4,457,057        | 3,887,087        |
| Stores and spares consumed          |      | 67,343           | 60,111           |
| Salaries, wages and amenities       | 30.1 | 290,662          | 267,084          |
| Fuel and power                      |      | 616,132          | 523,812          |
| Repair and maintenance              |      | 26,019           | 26,365           |
| Running and maintenance of vehicles |      | 16,735           | 13,639           |
| Insurance                           |      | 16,920           | 17,417           |
| Depreciation                        | 7.2  | 132,273          | 139,639          |
| Rent, rates and taxes               |      | 2,058            | 1,906            |
| Other expenses                      |      | 1,539            | 1,523            |
| Manufacturing cost                  |      | <u>5,626,738</u> | <u>4,938,583</u> |
| Add: Opening Work-in-Process        |      | 29,981           | 22,059           |
| Less: Closing Work-in-Process       |      | (45,180)         | (29,981)         |
| Cost of goods manufactured          |      | <u>5,611,539</u> | <u>4,930,661</u> |
| Add: Opening Finished Goods         |      | 314,414          | 271,451          |
| Less: Closing Finished Goods        |      | (245,036)        | (314,414)        |
|                                     |      | <u>5,680,917</u> | <u>4,887,698</u> |

# Notes to the Financial Statements

## for the year ended 30 June 2018

| (Rupees in thousand)  |  | Note | 2018           | 2017           |
|---|--|------|----------------|----------------|
| <b>30.1</b> Salaries, wages and amenities include Rs. 16.647 million (2017: Rs. 17.009 million) in respect of staff retirement benefits and Rs. 1.067 million (2017: Rs 0.569 million) in respect of provident fund contribution. |  |      |                |                |
| <b>31</b>   | <b>Selling and distribution expenses</b>   |      |                |                |
|   | Salaries, wages and amenities              | 31.1 | 5,618          | 5,357          |
|   | Rent, rates and taxes                      |      | 245            | 348            |
|   | Electricity, gas and water charges         |      | 190            | 192            |
|   | Postage, telephone and fax                 |      | 92             | 92             |
|   | Printing and stationery                    |      | 177            | 99             |
|   | Books and subscription                     |      | 44             | 47             |
|   | Running and maintenance of vehicles        |      | 129            | 90             |
|   | Repair and maintenance                     |      | 57             | 121            |
|   | Travelling expenses                        |      | 267            | 180            |
|   | Entertainment                              |      | 115            | 78             |
|   | Insurance                                  |      | 44             | 42             |
|   | Depreciation                               | 7.2  | 888            | 854            |
|   | Freight and forwarding                     |      | 9,761          | 5,216          |
|   | Sales promotion expenses                   |      | 5              | 10             |
|   |  |      | <b>17,632</b>  | <b>12,726</b>  |
| <b>31.1</b> Salaries, wages and amenities include Rs.0.436 million (2017: Rs.0.446 million) in respect of staff retirement benefits and Rs: 0.042 million (2017: Rs 0.042 million) in respect of provident fund contribution.     |  |      |                |                |
| <b>32</b>   | <b>Administrative and general expenses</b> |      |                |                |
|   | Salaries, wages and amenities              | 32.1 | 106,751        | 101,787        |
|   | Director's remuneration                    |      | 5,729          | 5,729          |
|   | Rent, rates and taxes                      |      | 4,646          | 6,615          |
|   | Electricity, gas and water charges         |      | 3,601          | 3,641          |
|   | Postage, telephone and fax                 |      | 1,741          | 1,739          |
|   | Printing and stationery                    |      | 3,355          | 1,888          |
|   | Books and subscription                     |      | 834            | 886            |
|   | Running and maintenance of vehicles        |      | 2,457          | 1,717          |
|   | Repair and maintenance                     |      | 1,078          | 2,295          |
|   | Legal and professional charges             |      | 5,624          | 2,457          |
|   | Travelling expenses                        |      | 5,074          | 3,423          |
|   | Entertainment                              |      | 2,186          | 1,482          |
|   | Auditors' remuneration                     | 32.2 | 674            | 850            |
|   | Insurance                                  |      | 862            | 801            |
|   | Advertisement                              |      | 628            | 1,370          |
|   | Depreciation                               | 7.2  | 16,869         | 16,231         |
|   | Miscellaneous expenses                     |      | 776            | 714            |
|   |  |      | <b>162,885</b> | <b>153,625</b> |
| <b>32.1</b> Salaries, wages and amenities include Rs. 8.286 million (2017: Rs. 8.466 million) in respect of staff retirement benefits and Rs. 0.791 million (2017: Rs. 0.791 million) in respect of provident fund contribution.  |  |      |                |                |

# Notes to the Financial Statements

## for the year ended 30 June 2018

| (Rupees in thousand)   |      | Note | 2018    | 2017    |
|--|------|------|---------|---------|
| <b>32.2 Auditors' remuneration</b>   |      |      |         |         |
| Audit fee  |      |      | 525     | 525     |
| Certification and review   |      |      | 85      | 85      |
| Taxation services  |      |      | 64      | 240     |
|  |      |      | 674     | 850     |
| <b>33 Other expenses</b>   |      |      |         |         |
| Charity and donation   | 33.1 |      | 25,000  | 9,300   |
| Workers' profit participation fund   |      |      | 6,223   | -       |
| Workers' welfare fund  |      |      | 2,415   | -       |
|  |      |      | 33,638  | 9,300   |
| <b>33.1</b> None of the directors and their spouses had any interest in donee institution. |      |      |         |         |
| <b>34 Other income</b>   |      |      |         |         |
| Income from financial assets   |      |      |         |         |
| Mark-up / Interest income  | 34.1 |      | 1,218   | 1,223   |
| <b>Income from non-financial assets</b>  |      |      |         |         |
| Scrap, waste and other sales - net   | 34.2 |      | 45,694  | 26,606  |
| Remission of liabilities   |      |      | 106     | 706     |
| Profit on disposal of operating fixed assets   | 7.3  |      | -       | -       |
| Gain on remeasurement of fair value of investment property                                 | 8    |      | 37,500  | -       |
| Exchange gain  |      |      | 128     | -       |
| Misc. income   |      |      | 1,003   | 29      |
|  |      |      | 84,431  | 27,341  |
|  |      |      | 85,649  | 28,564  |
| <b>34.1 Mark-up / Interest income</b>  |      |      |         |         |
| Interest income from banks   |      |      | 919     | 934     |
| Mark-up income on:   |      |      |         |         |
| - Staff loans  |      |      | 299     | 289     |
|  |      |      | 1,218   | 1,223   |
| <b>34.2 Scrap, waste and other sales - net</b>   |      |      |         |         |
| Gross sales  |      |      | 50,489  | 29,918  |
| Less: Sales tax  |      |      | (4,795) | (3,312) |
|  |      |      | 45,694  | 26,606  |
| <b>35 Finance cost</b>   |      |      |         |         |
| Mark-up on long-term financing   |      |      | 16,945  | 18,870  |
| Mark-up on short-term borrowings   |      |      | 100,775 | 93,844  |
| Mark-up on liabilities against assets subject to finance lease                             |      |      | 206     | 287     |
| Bank commission and other expenses   |      |      | 941     | 679     |
|  |      |      | 118,867 | 113,680 |

# Notes to the Financial Statements

## for the year ended 30 June 2018

| (Rupees in thousand)                              | Note | 2018    | 2017     |
|---|------|---------|----------|
| <b>36 (Provision for) / Reversal of taxation</b>  |      |         |          |
| Current   |      |         |          |
| - for the year                                    | 36.1 | 60,479  | 43,937   |
| - prior years                                     |      | 266     | (35,369) |
|   |      | 60,745  | 8,568    |
| <b>Deferred</b>                                   |      |         |          |
| Origination and reversal of temporary differences | 36.3 | (562)   | (11,549) |
| Impact of change in tax rate                      |      | (8,915) | -        |
|   |      | (9,477) | (11,549) |
|   |      | 51,268  | (2,981)  |

**36.1** This represents minimum tax at the rate of 1.25% of the turnover in accordance with section 113 of the Income Tax Ordinance, 2001 ("the Ordinance").

**36.2** Tax charge for the year ended 30 June 2018 represent minimum tax payable under the Ordinance, and for this reason, relationship between tax expense and accounting profit has not been presented.

**36.3** Applicable income tax rate was reduced from 31% to 30% for the year on account of changes made to Income Tax Ordinance, 2001.

**36.4** According to the management's assessment, sufficient tax provision has been made in the Company's financial statements. The comparison of tax provision according to the financial statements viz-a-viz tax assessment for last three years is as follows:

| (Rupees in thousand) | Provision according to financial statements | Tax assessment |
|----------------------|---|----------------|
| 2017                 | 43,937                                      | 44,203         |
| 2016                 | 48,900                                      | 13,531         |
| 2015                 | -   | -              |

| (Rupees in thousand)   | Note | 2018       | 2017       |
|--|------|------------|------------|
| <b>37 Earnings / (Loss) per share</b>  |      |            |            |
| <b>37.1 Earnings / (Loss) per share - basic</b>  |      |            |            |
| Profit / (loss) for the year after taxation attributable to ordinary shareholders (Rupees in thousand) |      | 64,553     | (120,083)  |
| Weighted average ordinary shares in issue during the year (No. of shares)                              | 18   | 34,068,514 | 34,068,514 |
| Basic earnings per share (Rupees)  |      | 1.89       | (3.52)     |

### 37.2 Earnings / (loss) per share - diluted

A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at 30 June 2018 and 2017 which would have any effect on the earnings per share if the option to convert is exercised.



# Notes to the Financial Statements

## for the year ended 30 June 2018

| (Rupees in thousand)                                       | Note | 2018      | 2017      |
|--|------|-----------|-----------|
| <b>38 Cash generated from / (used in) operations</b>       |      |           |           |
| Profit / (loss) before taxation                            |      | 115,822   | (123,064) |
| Adjustments for non-cash and other items                   |      |           |           |
| Depreciation   | 7.2  | 150,030   | 156,724   |
| Gain on remeasurement of fair value of investment property | 8    | (37,500)  | -         |
| Provision for staff retirement benefits                    | 22.1 | 25,369    | 25,921    |
| Exchange gain  | 33   | (128)     | -         |
| Remission of liabilities                                   | 34   | (106)     | (706)     |
| Profit / Mark-up on bank deposits                          | 34.1 | (919)     | (934)     |
| Finance cost   | 35   | 118,867   | 113,680   |
|  |      | 255,613   | 294,685   |
|  |      | 371,435   | 171,621   |
| <b>Effect on cash flow due to working capital changes</b>  |      |           |           |
| <b>Decrease / (increase) in current assets</b>             |      |           |           |
| Stores, spares and loose tools                             |      | (6,878)   | (67,966)  |
| Stock-in-trade   |      | (99,112)  | (194,025) |
| Trade debts  |      | (11,237)  | 8,620     |
| Loans and advances   |      | 6,410     | (15,125)  |
| Trade deposits and short term prepayments                  |      | 896       | 3,137     |
| Other receivables  |      | 113,826   | 71,339    |
|  |      | 3,905     | (194,020) |
| <b>Decrease in current liabilities</b>                     |      |           |           |
| Trade and other payables                                   |      | (178,975) | (3,734)   |
| <b>Cash generated from / (used in) operations</b>          |      | 196,365   | (26,133)  |

### 39 Financial risk management

#### 39.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies.

#### (a) Market risk

##### (i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD), Japanese Yen, Great Britain Pound and Euro. Currently, the Company's foreign exchange risk exposure is restricted to bank balances and the amounts receivable from / payable to the foreign entities.

# Notes to the Financial Statements

## for the year ended 30 June 2018

5% strengthening of Pak rupee against the following currencies at 30 June 2018 would have decreased the equity and profit or loss by the amount shown below. The analysis assumes that all other variables, in particular interest rates, remain constant.

| (Rupees in thousand) | Equity | Profit or (Loss) |
|----------------------|--------|------------------|
| US Dollar            | 916    | 1,309            |
| Japanese Yen         | 31,860 | 45,515           |
| Euro                 | 1,004  | 1,435            |
| Others               | 81     | 115              |

5% weakening of Pak rupee against the above currencies at reporting date would have had the equal but opposite effect on the above currencies to the amounts shown above on the basis that all other variables remain constant.

### (ii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no significant long-term interest-bearing assets. The Company's interest rate risk arises from short-term borrowings. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk.

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

| (Rupees in thousand)             | 2018        | 2017        |
|----------------------------------|-------------|-------------|
| <b>Fixed rate instruments</b>    |             |             |
| <b>Financial assets</b>          |             |             |
| Loan against installments        | -           | -           |
| <b>Financial liabilities</b>     | (2,176)     | (3,281)     |
| <b>Net exposure</b>              | (2,176)     | (3,281)     |
| <b>Floating rate instruments</b> |             |             |
| <b>Financial assets</b>          |             |             |
| Bank balances - savings accounts | 241         | 58,317      |
| <b>Financial liabilities</b>     |             |             |
| Long-term financing              | (214,769)   | (245,172)   |
| Short-term borrowings            | (2,146,943) | (1,839,800) |
| <b>Net exposure</b>              | (2,361,471) | (2,026,655) |

### 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 rate at the reporting date would not affect profit or loss of the Company.

### Cash flow sensitivity analysis for variable rate instruments

If interest rates on variable rate financial instruments, at the year end date, fluctuates by 1% higher / lower, with all other variables held constant, post tax loss for the year would have been Rs. 0.942 million (2017: Rs. 0.771 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate instruments.

# Notes to the Financial Statements

## for the year ended 30 June 2018

### (iii) Other price risk

Other price risk represents 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), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to equity price risk since there are no investments in equity instruments traded in the market at the reporting date. The Company is also not exposed to commodity price risk since it does not hold any financial instrument based on commodity prices.

### (b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from deposits with banks, trade and other receivables.

#### (i) Exposure to credit risk

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

| (Rupees in thousand)                     | 2018           | 2017           |
|--|----------------|----------------|
| Trade debts                              | 12,698         | 1,461          |
| Advances, deposits and other receivables | 394,513        | 515,645        |
| Bank balances                            | 14,482         | 62,920         |
|  | <u>421,693</u> | <u>580,026</u> |

There is no impairment loss of trade receivables as at June 30, 2018 and 2017.

The management estimates the recoverability of trade receivables on the basis of financial position and past history of its customers based on the objective evidence that it will not receive the amount due from the particular customer. A provision for doubtful debts is established when there is objective evidence that the Company will not be able to collect all the amount due according to the original terms of the receivable. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade debt is impaired. The provision is recognised in the profit and loss account. The provision is written off by the Company when it expects that it cannot recover the balance due. Any subsequent repayments in relation to amount written off, are credited directly to profit and loss account.

#### (ii) Credit quality of major financial assets

The credit quality of major financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

|                           | Rating     |           | Rating Agency | 2018          | 2017          |
|---------------------------|------------|-----------|---------------|---------------|---------------|
|                           | Short term | Long term |               | (Rupees '000) | (Rupees '000) |
| Habib Bank Limited        | A1+        | AA+       | PACRA         | 617           | 271           |
| National Bank of Pakistan | A1+        | AAA       | PACRA         | 9             | 6             |
| Bank Al-Habib Limited     | A1+        | AA+       | PACRA         | 29            | 29            |
| Soneri Bank Limited       | A1+        | AA+       | PACRA         | 9,468         | 58,318        |
|                           |            |           |               | <u>10,123</u> | <u>58,624</u> |

# Notes to the Financial Statements

## for the year ended 30 June 2018

Due to the Company's long standing business relationships with these counter parties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

### Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the Company's business, the Board maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors the forecasts of the Company's cash and cash equivalents on the basis of expected cash flow. This is generally carried out in accordance with practice and limits set by the Company. The Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet its liabilities, monitoring balance sheet liquidity ratios against internal and external regulatory requirements, and maintaining debt financing plans.

The table below analyses the Company's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows as the impact of discounting is not significant.

#### At 30 June 2018

|                          | Carrying amount  | Less than one year | One to five years | More than five years |
|--------------------------|------------------|--------------------|-------------------|----------------------|
|                          | (Rupees '000)    |                    |                   |                      |
| Long-term financing      | 214,769          | 71,590             | 143,179           | -                    |
| Short-term borrowings    | 2,146,943        | 2,146,943          | -                 | -                    |
| Trade and other payables | 690,140          | 690,140            | -                 | -                    |
|                          | <u>3,051,852</u> | <u>2,908,673</u>   | <u>143,179</u>    | <u>-</u>             |

#### At 30 June 2017

|                          |                  |                  |                |          |
|--------------------------|------------------|------------------|----------------|----------|
| Long-term financing      | 245,172          | 61,293           | 183,879        | -        |
| Short-term borrowings    | 1,839,800        | 1,839,800        | -              | -        |
| Trade and other payables | 869,221          | 869,221          | -              | -        |
|                          | <u>2,954,193</u> | <u>2,770,314</u> | <u>183,879</u> | <u>-</u> |

### 39.2 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

As at June 30, 2018, all financial assets and financial liabilities are carried at amortised cost except for investment in mutual funds, PIBs and Sukuk Bonds which are carried at their fair values. The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

# Notes to the Financial Statements

## for the year ended 30 June 2018

- b) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- c) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred.

The Company's policy for determining when transfers between levels in the hierarchy have occurred includes monitoring of the following factors:

- changes in market and trading activity (e.g. significant increases / decreases in activity)
- changes in inputs used in valuation techniques (e.g. inputs becoming / ceasing to be observable in the market)

There were no transfers between level 1, 2 or 3 of the fair value hierarchy during the year

The valuation techniques used are as follows:

Level 1: Quoted prices (unadjusted) in active markets

The fair value of financial instruments traded in active markets is based on Net Asset Values (NAVs) of the units of the mutual funds, market prices for Sukuk Bonds and quoted prices for floating rate PIBs at the reporting date. A market is regarded as active when it is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

| (Rupees in thousand)                            | 2018             | 2017             |
|---|------------------|------------------|
| <b>39.3 Financial instruments by categories</b> |                  |                  |
| (a) Loans and receivables at amortised cost     |                  |                  |
| Assets as per balance sheet                     |                  |                  |
| Long term security deposit                      | 4,396            | 4,396            |
| Trade debts                                     | 12,698           | 1,461            |
| Advances, deposits and other receivables        | 394,513          | 515,645          |
| Cash and bank balances                          | 14,482           | 62,920           |
|   | <u>426,089</u>   | <u>584,422</u>   |
| (b) Financial liabilities at amortised cost     |                  |                  |
| Liabilities as per balance sheet                |                  |                  |
| Long-term financing                             | 214,769          | 245,172          |
| Trade and other payables                        | 690,140          | 869,221          |
| Short-term borrowings                           | 2,146,943        | 1,839,800        |
| Unclaimed dividend                              | 1,111            | 1,111            |
| Accrued mark-up                                 | 28,558           | 27,287           |
|   | <u>3,081,521</u> | <u>2,982,591</u> |

### 39.4 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.



# Notes to the Financial Statements

## for the year ended 30 June 2018

### 39.5 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares, obtain long term debt or sell assets to reduce debt.

Consistent with others in the industry, the Company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investments requirements and expectation of the shareholders.

The Company manages capital by maintaining gearing ratio at certain levels. This ratio is calculated as long-term financing divided by total capital. Total capital is calculated as 'equity' as shown in the balance sheet plus long-term financing.

The gearing ratio of the Company is as follows:

| (Rupees in thousand)          | 2018      | 2017      |
|-------------------------------|-----------|-----------|
| Long-term financing - note 21 | 143,179   | 183,879   |
| Total equity                  | 2,401,627 | 2,337,074 |
| Total capital                 | 2,544,806 | 2,520,953 |
| Gearing ratio                 | 0.056     | 0.073     |

### 40 Remuneration of directors and executives

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

|                         | (Rupees in thousand) |      |           |                     |            |                     |
|-------------------------|----------------------|------|-----------|---------------------|------------|---------------------|
|                         | Chief Executive      |      | Directors |                     | Executives |                     |
|                         | 2018                 | 2017 | 2018      | 2017<br>(Note 40.1) | 2018       | 2017<br>(Note 40.1) |
| Managerial remuneration | -                    | -    | 3,805     | 3,699               | 28,178     | 26,085              |
| House rent              | -                    | -    | 1,141     | 1,110               | 8,453      | 7,825               |
| Utilities               | -                    | -    | 380       | 370                 | 2,818      | 2,608               |
| Medical expenses        | -                    | -    | 380       | 370                 | 2,818      | 2,608               |
| Retirement benefits     | -                    | -    | -         | -                   | 459        | 277                 |
| Others                  | -                    | -    | 147       | 181                 | 277        | 261                 |
|                         | -                    | -    | 5,853     | 5,730               | 43,003     | 39,664              |
| Number of person(s)     | 1                    | 1    | 1         | 1                   | 13         | 13                  |

**40.1** The comparatives have been amended to reflect the changes in the definition of executives as per the Companies Act, 2017

**40.2** The Chief Executive Officer and one of the executives of the Company are provided with cars for business and personal use.

**40.3** No remuneration has been paid to executive and non-executive directors for attending company meetings during the year ended 30 June 2018 and 2017.

# Notes to the Financial Statements

## for the year ended 30 June 2018

### 41 Transactions with related parties

The related parties comprises Associated Undertakings, Other Related Group Companies, Directors of the Company, Key Management Personnel and Defined Contribution Plan (Provident Fund). The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to the related parties are shown under receivables and payables, amounts due from key management personnel are shown under receivables and remuneration of directors and key management personnel is disclosed in (note 40). Other significant transactions with the related parties are as follows:

| (Rupees in thousand)                                    |                               |                                  | 2018    | 2017    |
|---|-------------------------------|----------------------------------|---------|---------|
| <b>41.1 Details of transaction with related parties</b> |                               |                                  |         |         |
| <b>Name</b>   | <b>Nature of Relationship</b> | <b>Nature of Transactions</b>    |         |         |
| Rupafil Limited   | Associated undertaking        | - Sales of goods and services    | 503,052 | 904,943 |
|   |                               | - Purchase of goods and services | 594,124 | 153,089 |
| Rupali Nylon (Pvt.) Limited                             | Associated undertaking        | - Sales of goods and services    | -       | -       |
|   |                               | - Purchase of goods and services | 4,478   | 4,633   |
| Soneri Bank Limited                                     | Associated undertaking        | - Profit on Bank Deposits        | 919     | 934     |
| Spintex Limited   | Related party                 | - Sales of goods and services    | 11      | -       |
|   |                               | - Purchase of goods and services | 145     | 23      |
| Provident Fund Trust                                    | Defined contribution plan     | - Contribution to Provident Fund | 1,900   | 1,315   |
| Alnu Trust  | Related party                 | - Loan obtained                  | 318,958 | -       |
|   |                               | - Repayment of loan              | 70,000  | -       |

**41.2** The Company continues to have a policy whereby all transactions with Related Parties and Associated Undertakings are entered into at arm's length prices using comparable un-controlled price method and cost plus method, wherever, appropriate. Further, contributions to the Defined Contribution Plan (Provident Fund) are made as per the terms of employment.

**41.3** Particulars of transactions with worker's profit participation fund and staff retirement benefit plans are disclosed in note 20 and note 23.2 respectively to these financial statements.

| (Rupees in thousand)   |  |  | 2018   | 2017   |
|--|--|--|--------|--------|
| <b>41.4 Amount due from / (outstanding to) related parties</b> |  |  |        |        |
| <b>Rupafil Limited</b>   |  |  |        |        |
| - Sale of goods and services                                   |  |  | 17     | 1      |
| - Purchase of goods and services                               |  |  | -      | -      |
| <b>Rupali Nylon (Pvt.) Limited</b>                             |  |  |        |        |
| - Sale of goods and services                                   |  |  | -      | -      |
| - Purchase of goods and services                               |  |  | -      | -      |
| <b>Spintex Limited</b>   |  |  |        |        |
| - Sale of goods and services                                   |  |  | 41,910 | 41,943 |
| - Purchase of goods and services                               |  |  | -      | -      |
| <b>Rupafil PowerGen (Pvt.) Limited</b>                         |  |  |        |        |
| - Sale of goods and services                                   |  |  | 31     | 31     |
| - Purchase of goods and services                               |  |  | -      | -      |

**41.5** Following are the related parties with whom the Company had entered into transactions or have arrangements / agreements in place

# Notes to the Financial Statements

## for the year ended 30 June 2018

| S. No. | Company Name                    | Basis of relationship | Aggregate % of shareholding in Company |
|--------|---------------------------------|-----------------------|--|
| a.     | Rupafil Limited                 | Common Directorship   | N/A                                    |
| b.     | Rupali Nylon (Pvt.) Limited     | Common Directorship   | N/A                                    |
| c.     | Spintex Limited                 | Close Relative        | N/A                                    |
| d.     | Rupafil PowerGen (Pvt.) Limited | Common Directorship   | N/A                                    |
| e.     | Alnu Trust                      | Common Ownership      | 17.83                                  |

| (Metric Tons)                                  | 2018   | 2017   |
|--|--------|--------|
| <b>42 Plant capacity and actual production</b> |        |        |
| Annual capacity (in three shifts)              |        |        |
| - Yarn   | 10,100 | 10,100 |
| - Fiber  | 12,000 | 12,000 |
| Actual production                              |        |        |
| - Yarn   | 10,735 | 7,794  |
| - Fiber  | 20,843 | 23,387 |

| (Numbers)  | 2018 | 2017 |
|--|------|------|
| <b>42.1 Number of employees</b>                                |      |      |
| Total number of employees as at 30 June                        | 1323 | 1230 |
| Average number of employees for the year ended 30 June         | 1277 | 1221 |
| Number of factory employees as at 30 June                      | 1157 | 1075 |
| Average number of factory employees for the year ended 30 June | 1116 | 1067 |

### 43 Proposed Dividend

The Board of Directors in its meeting held on September 17, 2018 has proposed cash dividend of Rs 10 per share (2017: nil) aggregating Rs: 34.069 million (2017: nil) for the year ended June 30, 2018. The proposed dividend is subject to approval of members and the effect of such dividend shall be accounted for in the financial statements for the year ending June 30, 2019.

### 44 Date of authorization for issue

These financial statements were authorized for issue on 17 September 2018 by the Board of Directors of the Company.

### 45 Corresponding figures

Corresponding figures have been rearranged and reclassified where ever necessary, for the purpose of comparison. There were no significant reclassifications / restatements to these financial statements during the year except as mentioned below:

# Notes to the Financial Statements

## for the year ended 30 June 2018

| Reclassification from Statement<br>of financial position | Reclassification to Statement<br>of financial position | 2017<br>Rupees '000' |
|--|--|----------------------|
| Trade and other payables                                 | Unclaimed dividend                                     | 1,111                |
| Surplus on revaluation of freehold land                  | Equity   | 1,719,056            |

### 46 General

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

Nooruddin Feerasta  
Chief Executive Officer

Shehzad Feerasta  
Director

Amjad Rahil  
Chief Financial Officer

# Pattern of Shareholding

as at 30 June 2018

| Number of Shareholders | From     | Shareholding | To       | Total Shares Held |
|------------------------|----------|--------------|----------|-------------------|
| 203                    | 1        | -            | 100      | 6,309             |
| 98                     | 101      | -            | 500      | 30,094            |
| 81                     | 501      | -            | 1000     | 58,591            |
| 81                     | 1001     | -            | 5000     | 204,279           |
| 20                     | 5001     | -            | 10000    | 147,590           |
| 6                      | 10001    | -            | 15000    | 78,701            |
| 3                      | 15001    | -            | 20000    | 55,500            |
| 8                      | 20001    | -            | 25000    | 188,189           |
| 2                      | 25001    | -            | 30000    | 56,000            |
| 1                      | 30001    | -            | 35000    | 31,000            |
| 1                      | 35001    | -            | 40000    | 40,000            |
| 1                      | 40001    | -            | 45000    | 41,500            |
| 1                      | 45001    | -            | 50000    | 48,500            |
| 1                      | 50001    | -            | 55000    | 53,000            |
| 1                      | 95001    | -            | 100000   | 100,000           |
| 2                      | 110001   | -            | 115000   | 230,000           |
| 3                      | 145001   | -            | 150000   | 446,482           |
| 1                      | 205001   | -            | 210000   | 209,490           |
| 2                      | 225001   | -            | 230000   | 456,662           |
| 1                      | 230001   | -            | 235000   | 233,161           |
| 1                      | 250001   | -            | 255000   | 254,000           |
| 1                      | 285001   | -            | 290000   | 286,000           |
| 1                      | 350001   | -            | 355000   | 352,811           |
| 1                      | 470001   | -            | 475000   | 472,022           |
| 1                      | 480001   | -            | 485000   | 483,918           |
| 1                      | 485001   | -            | 490000   | 488,010           |
| 1                      | 580001   | -            | 585000   | 584,500           |
| 1                      | 815001   | -            | 820000   | 816,483           |
| 1                      | 840001   | -            | 845000   | 841,000           |
| 1                      | 2240001  | -            | 2245000  | 2,240,641         |
| 1                      | 3830001  | -            | 3835000  | 3,834,290         |
| 1                      | 8515001  | -            | 8520000  | 8,519,800         |
| 1                      | 12175001 | -            | 12180000 | 12,179,991        |
| 530                    |          | Total        |          | 34,068,514        |



# Pattern of Shareholding

## as at 30 June 2018

| Categories of Shareholders  | Number     | Shares Held       | Percentage    |
|---|------------|-------------------|---------------|
| Individuals   | 501        | 3,662,707         | 10.75         |
| Joint Stock Companies   | 0          | 0                 | 0.00          |
| Investment Companies  | 0          | 0                 | 0.00          |
| Directors, Chief Executive Officer and their Spouses and minor Children | 9          | 996,423           | 2.90          |
| Mr. Nooruddin Feerasta  |            | 500               | 0.00          |
| Mr. Muhammad Rashid Zahir   |            | 500               | 0.00          |
| Mr. Muhammad Ali Sayani   |            | 488,010           | 1.43          |
| Mr. Sultan Ali Rajwany  |            | 21,345            | 0.06          |
| Mr. Shehzad Feerasta  |            | 490               | 0.00          |
| Mr. Zeeshan Feerasta  |            | 10                | 0.00          |
| Mr. Abdul Hayee   |            | 1,150             | 0.00          |
| Mrs. Roshan Ara Sayani w/o Mr. Muhammad Ali Sayani                      |            | 483,918           | 1.42          |
| Mrs. Aymna N. Feerasta w/o Mr. Nooruddin Feerasta                       |            | 500               | 0.00          |
| <b>Total:</b>   |            | <b>996,423</b>    | <b>2.91</b>   |
| Executives  |            |                   |               |
| National Bank of Pakistan, Trustee Deptt.                               | 5          | 1,553,505         | 4.56          |
| Investment Corporation of Pakistan                                      | 1          | 200               | 0.00          |
| Associated Companies, undertakings and related parties                  |            |                   |               |
| Public Sector Companies and Corporations                                |            |                   |               |
| Banks, DFIs, NBFIs, Insurance Companies, Modaraba & Mutual Funds        | 10         | 1,080,957         | 3.17          |
| Foreign Investors   | 1          | 8,519,800         | 25.01         |
| Co-operative Societies  | 0          | 0                 | 0.00          |
| Trusts  | 3          | 18,254,922        | 53.58         |
| Others  |            |                   |               |
| <b>Total:</b>   | <b>530</b> | <b>34,068,514</b> | <b>100.00</b> |

### SHARE-HOLDERS HOLDING FIVE PERCENT OR MORE VOTING INTEREST IN THE COMPANY

| Name of Shareholders           | No. of Shares Held | Percentage   |
|--------------------------------|--------------------|--------------|
| Trustees Feerasta Senior Trust | 12,179,991         | 35.75        |
| Regula Limited                 | 8,519,800          | 25.01        |
| Trustees ALNU Trust            | 6,074,931          | 17.83        |
| <b>Total:</b>                  | <b>28,328,227</b>  | <b>83.15</b> |

### Trading in Shares During 2017-18:

Directors, CEO, CFO and Company Secretary made no sale/purchase of shares during the year

# Proxy Form 38th Annual General Meeting

I / We \_\_\_\_\_ of  
\_\_\_\_\_ being member(s) of RUPALI POLYESTER LIMITED  
and holder of \_\_\_\_\_ Ordinary Shares \_\_\_\_\_  
Register Folio No. \_\_\_\_\_  
CDC participant I.D. No: \_\_\_\_\_ Sub-Account No: \_\_\_\_\_  
CNIC No: \_\_\_\_\_ or Passport No: \_\_\_\_\_  
hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him / her  
\_\_\_\_\_ who is / are also member(s) of  
RUPALI POLYESTER LIMITED as my / our proxy to attend and vote for me / on our behalf at the  
38th Annual General Meeting of the Company to be held on 27 October 2018 or at any adjournment  
thereof.

Revenue  
Stamp

(Signatures should agree with the  
specimen signature registered  
with the Company)

Dated this \_\_\_\_ day of October 2018

Signature of Shareholder \_\_\_\_\_

Signature of Proxy \_\_\_\_\_

## 1. WITNESS

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

CNIC No: \_\_\_\_\_

or Passport No: \_\_\_\_\_

## 2. WITNESS

Signature: \_\_\_\_\_

Name: \_\_\_\_\_


Address: \_\_\_\_\_

CNIC No: \_\_\_\_\_

or Passport No: \_\_\_\_\_

## IMPORTANT:

1. This Proxy Form, duly completed and signed, must be received at the Registered Office of the Company RUPALI POLYESTER LIMITED, Rupali House, 241-242 Upper Mall Scheme, Anand Road, Lahore - 54000 not less than 48 hours before the time of holding the meeting.
2. No person shall act as proxy unless he / she himself / herself 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.
4. CDC Shareholders and their proxies should attach an attested photocopy of their Computerized National Identity Card (CNIC) or Passport with the proxy form before submission to the Company. (Original CNIC / Passport is required to be produced at the time of the meeting).
5. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be submitted along with proxy form to the Company.



The Company Secretary

**Rupali Polyester Limited**

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

AFFIX  
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241-242 اپر مال سکیم آئند روڈ لاہور بتاریخ 27 اکتوبر 2018 میری / ہماری جگہ بطور پر کسی شرکت کرنے، ووٹ دینے کی

درست رقم کی  
ٹکٹ چسپاں کریں

سی این آئی سی یا سپورٹ نمبر: \_\_\_\_\_

نوٹ: پراسکیز کے موثر ہونے کے لیے لازم ہے کہ وہ اجلاس سے 48 گھنٹے قبل کمپنی کو موصول ہوں۔ نیابت دار کمپنی کا رکن ہونا ضروری ہے۔ سی ڈی سی کے حصص یافتگان اور ان کے نمائندوں سے التماس ہے کہ وہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپی پراسکی فارم کے ساتھ کمپنی میں جمع کرائیں۔

درست رقم کی  
نکٹ چپاں کریں

کمپنی سیکرٹری  
روپالی پولی سٹر لمیٹڈ  
روپالی ہاؤس  
241-242 اپر مال سکیم، آئندروڈ،  
لاہور-54000







# Rupali Polyester Limited

Rupali House, 241-242 Upper Mall Scheme

Anand Road, Lahore

Ph. No: 042-35792180-99

To all Shareholders,

\*

**Subject: Bank Mandate with International Bank Account Number (IBAN)  
for payment of Cash dividend**

The Shareholders are hereby informed that under the provision of Section 242 of the Companies Act, 2017, Securities & Exchange Commission of Pakistan (SECP) has directed all listed companies to pay cash dividends only through electronic mode directly into the bank accounts of the shareholders. Therefore, shareholders are requested to provide their Bank Mandate details including International Bank Account Number (IBAN) alongwith a copy of valid CNIC at the earliest, if not already provided to:

1. your respective CDC Participant / CDC Investor Account Services (in case your shareholding is in book entry form) or
2. our Share Registrar, M/s. THK Associates (Pvt.) Limited, 1<sup>st</sup> Floor, 40-C, Block-6, P.E.C.H.S., Karachi - 75400 (in case your shareholding is in physical form).

In case of non provision of bank mandate with IBAN Bank Account detail, cash dividend(s) will be withheld to comply with SECP directions issued vide Circular No. 18 of 2017 dated 01 August 2017 directing that all dividend payments will effect from 1 November 2017 shall be paid through electronic mode only.

Thanking you.

Sincerely yours,

**S. Ghulam Shabbir Gilani**  
**Company Secretary**

Lahore: 17 September 2018



# Rupali Polyester Limited

Rupali House, 241-242 Upper Mall Scheme

Anand Road, Lahore

Ph. No: 042-35792180-99

To all Shareholders,

\*

Subject:

Following para be read as integral part of Note 10 of Notice of Annual General Meeting

In case of Joint account, each holder is to be treated individually as either a filer or non-filer and tax will be deducted on the basis of shareholding of each joint holder as may be notified by the shareholder, in writing as follows, to our Share Registrar, or if no notification, each joint holder shall be assumed to have an equal number of shares.

| Company Name | Folio/CDC Account No. | Total Shares | Principal Shareholding |   | Joint Shareholding |   |
|--------------|-----------------------|--------------|------------------------|---|--------------------|---|
|              |                       |              | Name & CNIC No.        | Shareholding proportion (No. of Shares) | Name & CNIC No.    | Shareholding proportion (No. of Shares) |
|              |                       |              |                        |   |                    |   |
|              |                       |              |                        |   |                    |   |
|              |                       |              |                        |   |                    |   |
|              |                       |              |                        |   |                    |   |

Thanking you.

Sincerely yours,

**S. Ghulam Shabbir Gilani**  
**Company Secretary**

Lahore: 17 September 2018

[rupaligroup.com](http://rupaligroup.com)

**RUPALI POLYESTER LIMITED**

Registered Office

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