2019
Annual Report

Sustainability through innovation

RUPALI POLYESTER LIMITED

Cover Story

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

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

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

Contents

Corporate Data

Board of Directors

Chairman / Chief Executive Officer

Nooruddin Feerasta

Directors

Muhammad Rashid Zahir - Non-Executive
Yaseen M. Sayani - Non-Executive
Shehzad Feerasta - Non-Executive
Amyna Feerasta - Non-Executive
Sultan Ali Rajwany - Non-Executive
Zeeshan Feerasta - Non-Executive
Abdul Hayee - Executive

Audit Committee

Yaseen M. Sayani - Chairman
Muhammad Rashid Zahir - Member
Zeeshan Feerasta - Member

Human Resource & Remuneration Committee

Sultan Ali Rajwany - Chairman
Nooruddin Feerasta - Member
Zeeshan Feerasta - Member

Chief Financial Officer

Amjad Rahil

Company Secretary

S. Ghulam Shabbir Gilani

Bankers

Askari Bank Limited
Faysal Bank Limited
MCB Bank Limited
Bank Alfalah Limited
Habib Bank Limited
Soneri Bank Limited

Auditors

Qavi & Co.
Chartered Accountants

Registered Office

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

Plant

30.2 Kilometer Lahore - Sheikhupura Road
Sheikhupura - 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.

Innovation doesn't come from organized plans. It comes from our preparedness to deal with the uncertainty of the future.

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 repute 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. 6,015 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.

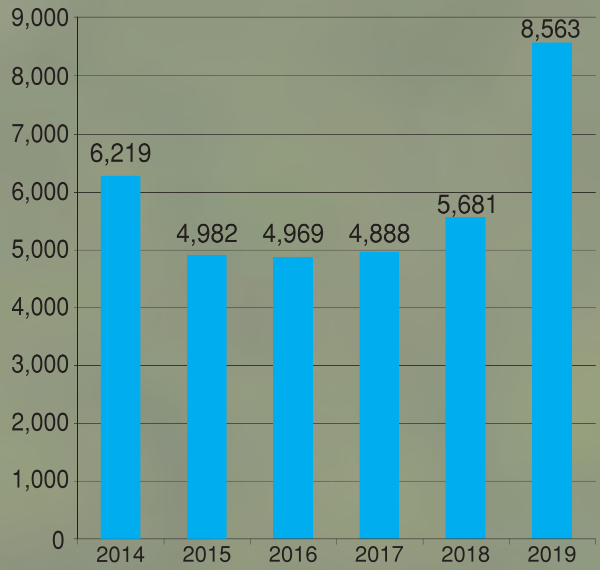
Financial Highlights

Particulars	UOM	2019	2018	2017	2016
Profit and Loss Account					
Sales - Net	Rs. in thousand	9,053,741	6,044,111	5,025,401	4,890,041
Cost of sales	Rs. in thousand	8,562,629	5,680,917	4,887,698	4,969,175
Gross Profit	Rs. in thousand	491,112	363,194	137,703	(79,134)
Operating profit	Rs. in thousand	342,664	234,689	(9,384)	(135,807)
Profit before tax	Rs. in thousand	174,302	115,822	(123,064)	(270,919)
Profit after tax	Rs. in thousand	54,975	64,553	(120,083)	(333,478)
Income tax - current	Rs. in thousand	95,670	60,479	43,937	48,900
- prior years	Rs. in thousand	574	266	(35,369)	-
- deferred	Rs. in thousand	23,083	(9,477)	(11,549)	13,659
Dividend					
Cash dividend	Rs. in thousand	34,069	34,069	-	-
Cash dividend rate	Percentage	10	10	-	-
Balance Sheet					
Share capital	Rs. in thousand	340,685	340,685	340,685	340,685
Reserves	Rs. in thousand	2,078,613	2,060,942	1,996,389	1,735,615
Shareholders equity	Rs. in thousand	2,419,298	2,401,627	2,337,074	1,032,799
No. of ordinary shares	Numbers	34,068,514	34,068,514	34,068,514	34,068,514
Non-Current liabilities	Rs. in thousand	539,687	554,584	592,176	649,133
Current liabilities	Rs. in thousand	3,055,610	2,939,533	2,799,721	2,704,858
Property, Plant and Equipment	Rs. in thousand	3,295,511	3,201,449	2,971,353	1,637,969
Capital work-in-progress	Rs. in thousand	64,020	234,019	7,972	32,286
Long term investments/loans/deposits	Rs. in thousand	4,396	4,396	4,396	4,361
Current assets	Rs. in thousand	2,252,188	2,252,399	2,353,222	2,344,460
Net current assets	Rs. in thousand	(803,422)	(687,134)	(446,499)	(360,398)
Total liabilities	Rs. in thousand	6,014,595	5,895,744	5,728,971	4,386,790
Total Assets	Rs. in thousand	6,014,595	5,895,744	5,728,971	4,386,790
Ratio Analysis					
Gross profit	Percentage	5.42	6.01	2.74	(1.62)
Net profit	Percentage	0.61	1.07	(2.39)	(6.82)
Inventory turnover	Times	10	7	8	8
Cash dividend per share	Rupees	1	1	-	-
Debt : equity ratio		4 : 96	6 : 94	7 : 93	19 : 81
Break-up value per share	Rupees	71.01	70.49	68.60	30.32
Market value per share at the end of the year	Rupees	27.55	29.50	19.25	8.98
Production volume					
Production capacity	M. Tons	22,100	22,100	22,100	22,100
Production achieved	M. Tons	38,495	31,578	31,181	31,951
Capacity utilization	Percentage	174	143	141	145
Employees	Numbers	1,468	1,323	1,230	1,198

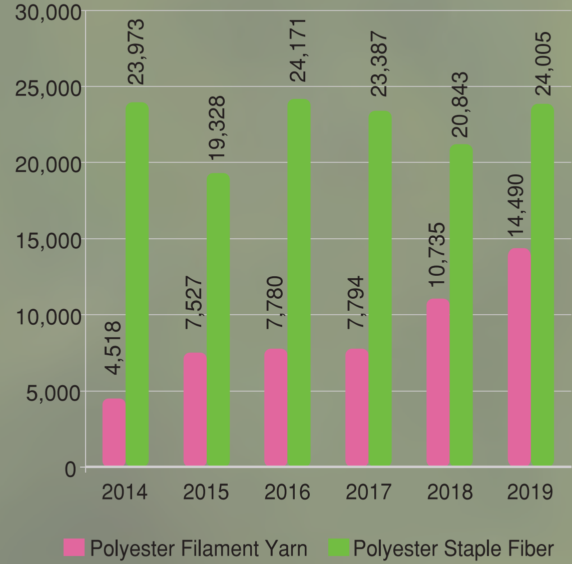
2015	2014	2013	2012
4,841,940	5,952,659	6,091,802	6,390,922
4,982,459	6,219,222	6,317,322	6,175,904
(140,519)	(266,563)	(225,520)	215,018
(140,519)	(361,421)	(275,782)	125,266
(401,098)	(479,858)	(357,747)	81,750
(384,447)	(403,284)	(436,600)	20,939
-	-	30,459	63,909
-	(30,459)	565	(33,233)
(16,651)	(46,115)	47,829	30,135
-	-	-	34,068
-	-	-	10
340,685	340,685	340,685	340,685
1,735,615	1,735,615	1,735,615	1,735,615
1,366,277	1,462,789	1,866,073	2,335,957
34,068,514	34,068,514	34,068,514	34,068,514
658,917	516,553	411,166	365,068
2,263,206	2,075,711	1,393,461	1,400,079
1,729,858	1,630,402	1,578,010	1,311,704
17,945	98,324	37,110	226,909
4,361	4,361	4,281	4,281
2,229,181	2,420,290	2,088,409	2,558,210
(34,025)	344,579	694,948	1,158,131
4,288,400	4,055,053	3,670,700	4,101,104
4,288,400	4,055,053	3,670,700	4,101,104
(2.90)	(4.47)	(3.70)	3.36
(7.94)	(6.77)	(7.17)	0.33
6	7	6	4
-	-	-	1.00
17 : 83	9 : 91	0 : 100	0 : 100
40.03	42.94	54.77	68.40
12.00	17.10	23.30	25.66
22,100	22,100	22,100	22,100
26,859	28,491	30,855	34,957
121	129	140	158
1,251	968	1,001	1,238

Graphical Presentation

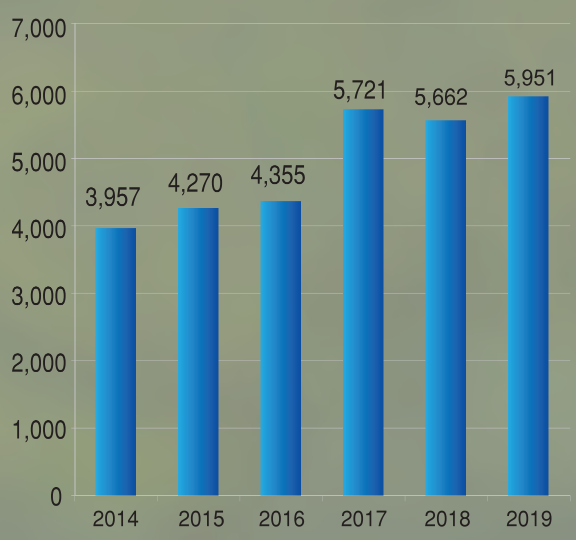
Cost of Sales
(Rs. in Million)



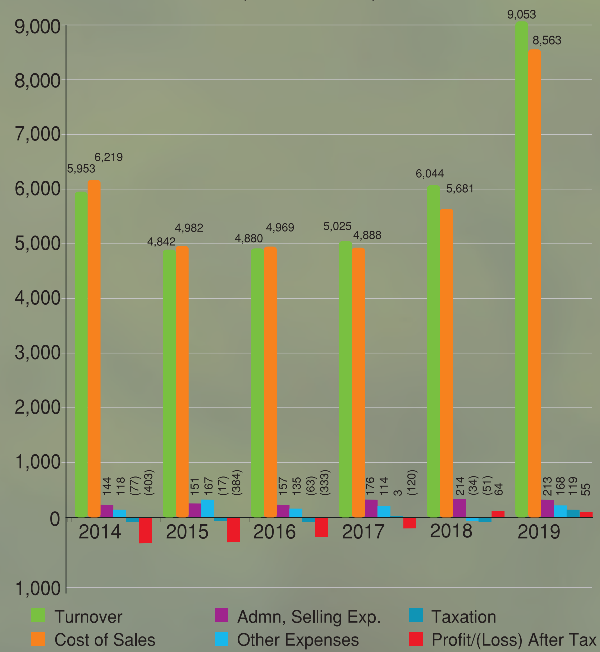
Production
(M. Tons)



Gross Assets Employed
(Rs. in Million)

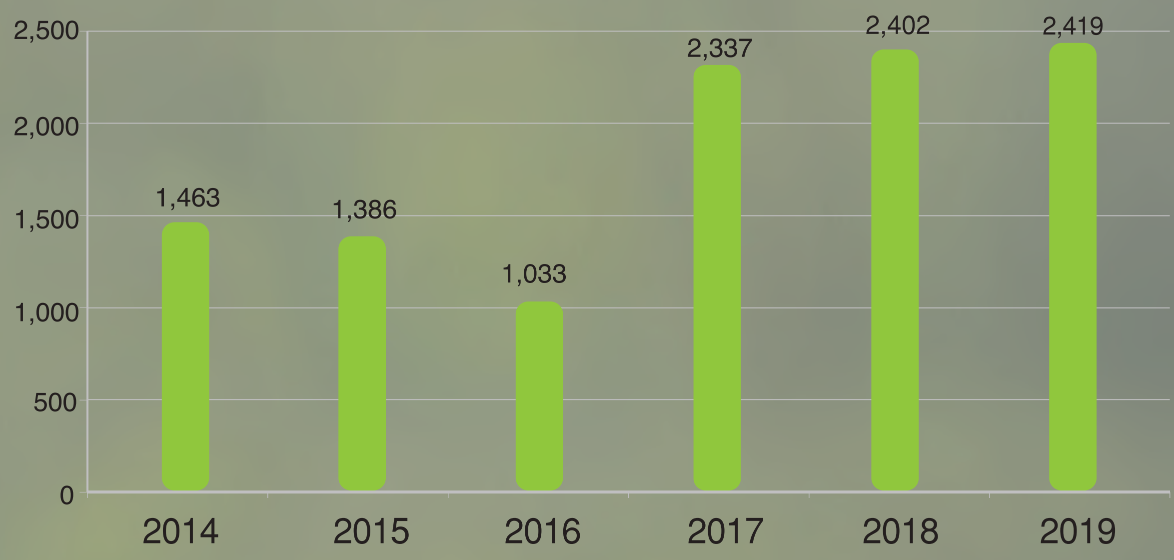


Profitability
(Rs. in Million)

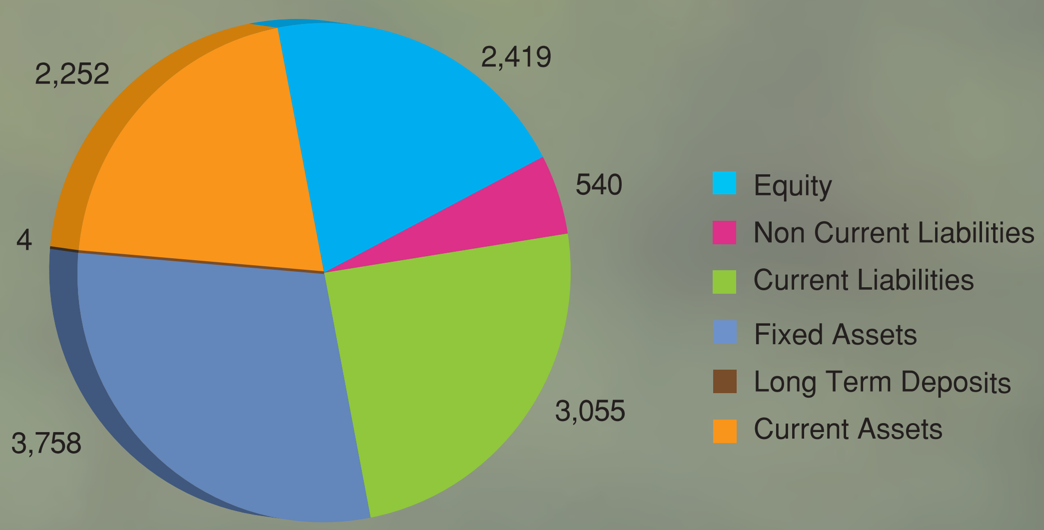


Graphical Presentation

Shareholders Equity
(Rs. in Million)



Financial Position 2019
(Rs. in Million)



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 2019. The overall performance of the Company for FY 2019 has been described in detail in the Directors' Report. The success of the Company in this period is primarily owed to the policy framework and guidelines of the Board as under:

1. The Company has well thought out 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 refurbishing projects during the year.

5. The Board 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 appropriate mix of independent and non-executive directors including female director in compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017.

Nooruddin Feerasta
Chairman

Lahore: 21 September 2019

Directors' Report to the Shareholders

On behalf of the Board of Directors of the Company, we are pleased to welcome you to the thirty-ninth annual general meeting and present the annual report and the audited financial statements of the Company for the year ended 30 June 2019 together with the auditors' report.

Financial Results:

	Rupees in thousand
Profit before taxation	174,302
Taxation	(119,327)
Profit after taxation	54,975
Appropriations – proposed dividend @ 10%	34,069
	Rupees
Earnings per share – basic and diluted	1.61

Overview

The year 2019 has witnessed multiple achievements for the Company. A number of key structural initiatives were taken to build strength across macro-economic parameters for sustainable growth in productivity and profitability. This vision was based on the Government's determination to improve industrial economic policies and revenue segments of the country. We are proud to say that our sales revenue increased by 50% to over Rs. 9 billion in FY 2019 from Rs. 6 billion in the last year. However, some policies have brought stagnancy in growth particularly in the second half of the year, among our downstream users. There were countrywide strikes by Traders and Textile manufacturers, protesting against the discontinuation of zero-rating and levy of Sales Tax. The zero-rated regime had become the foundation for all Economic policy frameworks and taxation structures for the domestic industry for many years. Recent changes within the Finance Act 2019, uprooted the Business foundation from a zero-rated regime to a 17 percent general sales tax regime on the entire value chain. Regulatory Duty on imported Polyester Filament Yarn (PFY), which was firstly reduced from 5% to 2.5% in the mini budget, was eventually brought down to zero in the 2019 Budget. Furthermore, the condition of CNIC required from unregistered suppliers was a matter of concern for the Traders. By virtue of these policy changes, doing business has become more difficult and competition with cheaper imports has distorted the level playing field in the PFY and PSF industry. We continue to be skeptical on the performance and growth of the market under a dumped imports industrial regime.

Your Company, which is a manufacturer of Polyester Filament Yarn (PFY) and Polyester Staple Fiber (PSF), was falling since 2011 under the ambit of zero-rated regime as prescribed in SRO. 1125(I)/2011 dated 31.12.2011. According to zero-rating, our major inputs and outputs were also zero-rated, however, some inputs like oil and lubricants, stores and spares and packing materials were taxable at standard rate. As a result, the input tax paid on goods always remained refundable throughout the year.

The new Government through the budget 2019 rescinded SRO. 1125(I)/2011 dated 31.12.2011 and as a result the zero-rating on local stage has also ended from July 2019 onward. As our finished products are supplied locally, we shall supply our products with standard sales tax rate of 17 percent in the local markets. Further, the import or local purchase of our major raw materials will also be liable to standard rate of sales tax. This will also include the supply of Electricity and Gas, which will be subject to the standard rate of sales tax from July 2019. Due to all these changes, your Company will have to pay sales tax along with its monthly sales tax returns of each tax period rather than claiming any refund.

Further, as per Section 8B of the Sales Tax Act, 1990 if the input tax adjustment for the tax period will be more than 90% of the output tax, the amount in excess of 90% of output tax, will not be adjusted in current month. Rather it will be carried forward to the following months for adjustment and if, it is not adjusted in subsequent twelve tax periods, a refund claim will be filed under Section 8B of the Act against said amount. This may hinder the Company's cash flow in the shape of accumulating refunds.

Our performance is closely tied to the retail and micro textile manufacturers and any decline in demand from our end-consumers causes a decrease in our revenues. Furthermore, inflationary pressures and higher fuel and utilities costs constitute big components in our manufacturing cost. The Company's short-term borrowings depend upon KIBOR, which exposes it to cash flow risk and interest rate risk. Extremely sharp hikes in the mark-up rates on bank borrowings significantly increased the Company's financial charges in FY 2019.

The present government took steps to address economic imbalances. The exchange rate however, continued to depreciate, with a cumulative depreciation of 29 percent between July 2018 and July 2019. As a result of currency depreciation, raw material and fuel prices increased drastically throughout the year. At the time of issuance of this Report, the inflation reached 10.3 percent, this means the new fiscal year has kicked off with double-digit inflation. In response to higher inflationary pressures, the State Bank of Pakistan has increased the policy rate since July 2018 by a cumulative 575 bps to 13.25 percent.

The hike in petroleum prices and the abnormal increase in electricity and gas tariffs are the measures that can be directly responsible for the increase in inflation. The impact of the new tax measures is in addition to the increase in price of imported inputs, including industrial raw material, which is the result of the depreciation in the rupee.

Inflation in Pakistan is highly sensitive to the international price of oil and RLNG and the prevailing exchange rate as oil and RLNG is a major input for electricity generation and in domestic transport of goods and services.

Economic Challenges

Pakistan's economy in spite of being in the stabilization phase has faced many challenges. While the external sector remains vulnerable, our fiscal consolidation remains elusive and inflation continues to rise. The government negotiated a support package with the International Monetary Fund, with certain conditions like energy price hikes, broadening tax net etc. thus, putting direct impact at the consumer end.

Taxation Structure

The government aims at reforming tax policy and tax administration to bring about a structure that generates sufficient revenue to meet the government's needs. These measures could potentially ease the burden of high taxes that distorts economic incentives, restore fairness and equity in taxation, and promote international competitiveness. However, any such policy that creates obstacles in industry growth needs to be reviewed in order to curb dumped imports.

The Federal Board of Revenue (FBR) has issued procedure for the textile and leather sectors to avail reduced sales tax rate by integrating their supplies with an online system. The FBR vide Finance Act, 2019 inserted a new serial no. 66 for allowing sales tax rate at 15% for textile and leather sectors, with a condition that all points of sales of a unit should be connected with the FBR's online system. However this is not a very pragmatic approach given the downstream market is comprised of fragmented users and the unorganized sector.

High Energy Tariffs

The cost of utilities has increased. It will put additional financial burden on our manufacturing cost. The Economic Coordination Committee (ECC) vide its decision dated 16.09.2018 which was subsequently ratified by the Federal Cabinet on 27.09.2018 to supply gas to zero-rated export sector indigenous gas system as well as imported RLNG at the combined weighted average recoverable tariff of US$ 6.50 per MMBTU. Sui Northern Gas Pipelines Limited (SNGPL) in the bills for the month of June 2019 did not give the impact of weighted average tariff of US$ 6.50 per MMBTU to the zero-rated industrial consumers and issued bills on the basis of enhanced tariff rates despite the fact that the decision of the Federal Cabinet was upheld by the Honorable Lahore High Court through Order dated 02.05.2019, giving direction to SNGPL that the benefit of the Federal Cabinet decision dated 27.09.2018 shall

not be denied to zero-rated consumers. SNGPL in the bills for the month of June 2019 excluded the subsidy amount and also included late charges and penalties on arrears.

The Company along with other zero-rated consumers filed writ petition in the Honorable Lahore High Court against the amounts charged by the SNGPL and the said Honorable Court vide Order dated 09.07.2019 has directed that till next date of hearing that is 30.09.2019, the bill shall continue to be paid @ US$ 6.50 per MMBTU and the amount of arrears and late payment surcharge shall remain suspended with direction to petitioners to furnish a post-dated cheque for the amount of arrears and late payment surcharge to SNGPL. It is adamant on the part of the SNGPL that despite the stay order granted by the Honorable Lahore High Court, till next date of hearing, the billing for the subsequent months of July and August 2019 were charged with US$ 12.00 per MMBTU instead of US$ 6.50. We have to pursue with SNGPL for correction of our final and ad-hoc bills.

Dumped Imports

Federal Board of Revenue in FY 2017 had levied 5% Regulatory Duty on PFY alongside traders and importers of PFY. Also the National Tariff Commission in the year 2017 had imposed anti-dumping duty on PFY from China and Malaysia ranging from 3.25% to 11.35%. However, the largest manufacturer in China, namely Tongkun, which sells at the steepest dumped price, was imposed the lowest anti-dumping duty of 3.25%. This imposition of duty was far less than what was imposed by Turkey and India and the injury margin remains higher than the sum of the anti-dumping duties and the Regulatory Duty. The anti-dumping duties have only been imposed on white PFY even though we also produce colored or dope dyed yarn. This caveat allows importers to bring in white PFY and declare it as dope dyed to evade duties. This poses a huge threat to the local PFY manufacturing industry, which provides more than 10,000 jobs. Furthermore, the anti-dumping duties have only been imposed on China and Malaysia, therefore giving suppliers from Vietnam the opportunity to increase their market share in Pakistan by selling PFY at dumped prices. Unfortunately the anti-dumping duties implemented in the final determination by the NTC has been ineffective due to repeated stays taken by petitioners in different courts throughout Pakistan. Because of these reasons, it was crucial that the Regulatory Duty remain at 5% to provide the domestic manufacturers a level playing field to compete. Additionally, lowering duty on POY could be grossly misused, especially to clear FDY polyester, which looks like POY and can be easily camouflaged and cleared as POY.

The PFY industry is working to reduce Pakistan's reliance on imports to clothe our nation's growing population and prevent the PKR from further devaluation. The Regulatory Duty of 5% combined with the anti-dumping duty had allowed the domestic units to increase their production to full capacity and re-start previously shutdown plants. Furthermore, Rupali Polyester Limited had commissioned a new filament plant adding 11,000 tons p.a. in November 2018. The withdrawal of the RD on PFY has once again jeopardized the growth opportunity for the domestic manufacturers of PFY.

Local PFY Warranting Recognition

Synthetic sector has to be developed for import substitution rather than exports. In the current phase, Synthetic sector is not so critical for value added textile exports. Synthetic textiles and its blends will clothe the local population and provide import substitution by saving foreign currency required for imports. As such it has to be protected with import duty and Regulatory Duty for the local manufacturing industry to grow.

The minimum 5% RD will help in growth of domestic PFY industry by allowing it to recapture its share of domestic consumption from 33% in the year 2017 to 55% in 2019 and over 75% in 2022. This will reduce the import bill as PFY imports will be reduced from 140,000 ton/year to just 30,000 tons/year, thereby reducing the nation's import bill by over $100M.

As noted above, Synthetic sector in the current phase is not so critical for value added textile exports, therefore it has to be developed for import substitution rather than exports. World trade flow indicates that Synthetic portion (including Nylon, Acrylic, Viscose, Polyester etc.) is just 28% of the total Textile global exports of all kinds of Made ups, of which a mere 20% is Polyester. This 20% consists of both Polyester Fiber and Polyester Filament Yarn. So Polyester Filament Yarn in Global value added exports will only be 10% or less. Since 72% of global Textile exports of various categories (Apparel, Fabric, Made-ups etc.) is non Synthetic (mainly Cotton) and Pakistan has a Cotton Textile base, therefore for increasing textile exports the main focus of Textile Policy should be to increase Pakistan's raw Cotton production from 12mn to 25mn bales and increase Cotton based Textile Garments.

In line with the policy to promote Synthetics import substitution, domestic PFY industry needs support by way of 11% import duty and 5% RD for the next 10 years in view of minimal and ineffective anti-dumping duties imposed against China in Pakistan (compared to that imposed by Turkey/India).

Anti-dumping Duty - Court cases

There are scores of writ petitions filed in various Courts and Appellate Tribunals on one pretext or the other against the NTC's composition or levy of anti-dumping duty. A petition was filed in June 2019 in the Lahore High Court, Rawalpindi Bench in which the Court had suspended the Final Determination of the anti-dumping duties through an interim order dated 9-07-2019.

The Company is defending its interest on the grounds of merits, as Court orders are available whereby several petitions of the yarn importers were dismissed. We got the stay orders vacated in many Petitions pending before the Lahore High Court at Rawalpindi. Every time we get the stay vacated, importers file new Petitions and get stay by way of concealment of full facts. The PFY importers with their deceptive strategy are hurting the domestic PFY industry and encouraging dumped imports, which is injurious to the domestic PFY industry.

Raw Material Prices

Raw material prices remained volatile during the financial year 2018-19. PTA price in August 2018 was US$ 920 per M. Ton and in August 2019 rate was US$ 570 per M. Ton. Similarly, MEG price which in August 2018 was US$ 940 M. Ton decreased to US$575 per M. Ton in August 2019.

Crude prices in the world market remained volatile. The tensions in the Middle East and West Asia would only add to the increase in oil prices. The trade war between China and the US has also greatly impacted the prices for raw materials.

New FTA with China

Pakistan is hopeful to complete the negotiation on existing and new tariff lines under the second phase of Free Trade Agreement with China by mid of next year. It is essential to protect the domestic industry in the agreement so that it does not suffer from the FTA.

OEKO-TEX Certification

Imported raw materials, advanced production equipment, and professional and technical talents contribute to produce high quality products. Our products (PFY) have passed the human-ecological requirements for OEKO-TEX® STANDARD 100. Renewal of certification for the year 2020 is in process.

Better now but Challenges ahead

Textile sector has started recovering since 2018. However, we highlight the long term challenges including i) emerging threats of PFY dumping, ii) regional competition in regard to lower wage rate and power tariffs iii) high mark up rates and, iv) harsh taxation regime. We expect the sector to continue its positive momentum in the medium-term however the rapid devaluation of Pak Rupee will serve as a big hindrance to growth. Also textile sector needs to be incentivized to expand in the long run. Government needs to address the long-term challenges to the sector on a priority basis to lessen the domestic industry's burden.

Sales Tax Refunds

Huge amount of sales tax refunds are pending with the Government. The Federal Government, through Finance Supplementary (2nd amendment) Act, 2019, has given an option to the refund claimants to receive payment of refunds through Sales Tax Refund Bonds, which shall be valid for three years at a straight markup rate of 10%. At the expiry of three years, the refund claimant again will go to FBR for its renewal or encashment, the process or outcome of which is not clear till date. The Company has not preferred this option as the same may cause more liquidity issues including excessive financial costs against the Running Finances availed from Banks.

Gas Infrastructure Development Cess (GIDC) is already pending before the Sui Northern Gas Pipelines Limited (SNGPL) as per the directions of the Honorable Lahore High Court. The industries have been opposing the GIDC Act, 2015. Recently, GIDC Amendment Ordinance, 2019 has been promulgated which gives one time opportunity to consumers including zero-rated industry to pay 50% of the outstanding Cess arrears. However, owing to strong opposition of this Ordinance at political and business level, the Government has withdrawn GIDC Ordinance, 2019 and opted to pursue cases pending in the Honorable Supreme Court of Pakistan. This Ordinance was going to cause a huge financial burden on the already financially strapped textile industry therefore the Government should also withdraw the GIDC Act, 2015.

Sales Revenue and Profits

Sales revenue of PSF and PFY for the year 2019 registered both a volumetric and a monetary increase. The volumetric increase was attributed to our new POY line which allowed us to produce different PFY products more cost effectively and the monetary increase was attributed to the wave of devaluations which increased the overall price of our products along with our feedstock. Our marketing campaign largely contributed to boost sales, however, downstream consumers sometimes showed reluctance to absorb more stock because of slow market response under stiff competition with imported cloth and fabrics. In the last month of the FY 2019, sales experienced a surge because of the impending new taxation measures for the unregistered traders that came into effect 1 July 2019.

Sale revenues for the year ended 30 June 2019 increased to Rs.9,053.74 million from Rs.6,044.11 million in the FY 2018. Gross profit increased to Rs.491.11 million from gross profit of Rs.363.19 million in FY 2018. Operating profit was Rs.342.66 million against operating profit of Rs.234.69 million in last year. Finance cost increased to Rs.168.36 million from Rs.118.87 million mainly because of higher interest rates. We earned a profit before tax of Rs.174.30 million against profit before tax of Rs.115.82 million in FY 2018. After tax profit remained to Rs.54.98 million in FY 2019 against Rs.64.55 million in FY 2018 due to increased taxes.

Future Outlook

The abnormal rise in Gas/RLNG and electricity prices and the mark-up rates on borrowings will defeat other cost cutting initiatives and it is feared that the production cost of our products will not be able to fetch any margins because of competitive market prices which are relatively lower. We have to severally reduce our product rates at the cost of our margins. The GIDC arrears by virtue of GIDC Act, 2015 will be a huge financial burden to bear by the domestic industry.

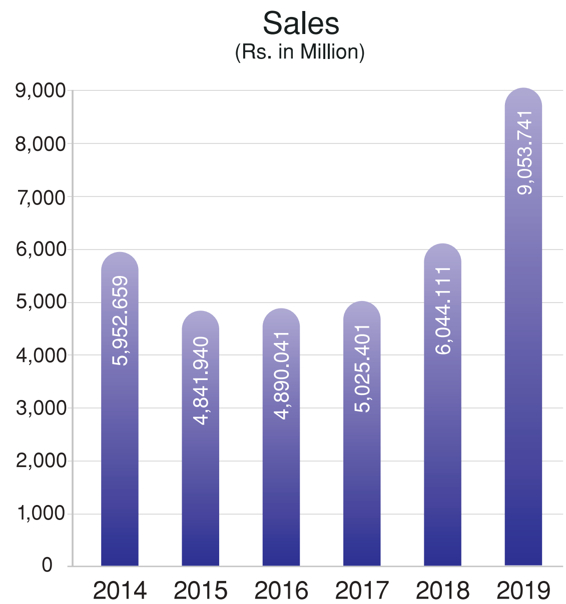
Growth is projected to decelerate in FY19 and FY20, as the government tightens fiscal and monetary policies. Together with the macro-economic adjustments, there is an urgent need to implement structural reforms to support industrial growth. Reforms to put the country on a stable growth path include increased exchange rate flexibility, improved competitiveness and lower cost of doing business.

As stated earlier, Chinese, Malaysian, and Vietnamese filament yarn producers are heavily involved in dumping of their product with the abolishing of 5% Regulatory Duty. 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 before it is totally wiped out in the country.

The future of an Industry lies in the favorable 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 prices may go up because of widespread perceptions that the global oil market is tightening and could run short in the next few months given U.S. 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 persist. Brent prices increase will also impact our raw material prices.

In recent past, the dollar hit an all time high against a basket of major currencies. State Bank of Pakistan 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 with 90 days deferred payments.



The Company's branded products have a countrywide reach and 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 in various cities retailing our products.

Since the last many years, an irony has emerged for 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 potential. 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, Vietnam and other regional countries have been allowed which have penetrated into our markets, thus crippling the domestic industry. Local industrialists are not adequately encouraged by way of incentivized policymaking, enabling them to channel further investments in developing infrastructure and creating employment opportunities.

Pakistan will now have to undergo a long and painful economic restructuring program where the issues related to addressing inefficiencies in the energy supply chain and the revenue collection mechanism will be at the forefront.

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 focuses on ensuring that these risks are identified on a timely basis and addressed.

The Board of Directors has overall responsibility for overseeing the 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.

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

The Board is overseeing the Company's risk management process and controls and reviews the Company's risk appetite and strategy relating to key risks, including credit risk, liquidity and funding risk, market risk, product risk and reputational risk, as well as the guidelines, policies and processes for monitoring and mitigating such risks.

The Committee operates as per its Charter approved by the Board and within the broad guidelines laid down in it. The Company has a Risk Management Policy in accordance with the provisions of the CCG Regulations, 2017. It establishes various levels of accountability and oversight within the Company, while vesting identified managers with responsibility for each significant risk.

The Board takes responsibility for the overall process of risk management in the organization. Through Enterprise Risk Management Program, business units and corporate functions address risks with an institutionalized approach aligned to the Company's objectives. This is facilitated by our internal audit as well. The business risk is managed through cross-functional involvement and communication across business segments. The results of the risk assessment are thoroughly discussed with the Senior Management for necessary pre-emptive measures.

Board of Directors

Current members on the Board of Directors were elected on 27 October 2018. The present composition is in conformity with the provisions of the Listed Companies (Code of Corporate Governance) Regulations, 2017. Since then there was no change in the composition of the Board of Directors.

The 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 is in the process of being reviewed by the Board pursuant to overseeing the Board's overall engagements in policy formulation and other Board functions.

Remuneration of Directors:

Following are the aggregate amounts of salary / fee and other perquisites of the present Board for FY-2019:

Directors' category	Number	Aggregate amount of salary and fee	Other perquisites
Executive Directors CEO (Mr. Nooruddin Feerasta Executive Director (Mr. Abdul Hayee)	Two: (Chief Executive and one Executive Director)	NIL Rs.6.18 million	Chief Executive Officer is drawing no salary since his first appointment except company car. Nil
Independent Directors	Two	Nil	Nil
Non-Executive Directors	Four	Nil	Nil

The Board periodically reviews the remuneration policy and a well-defined remuneration policy is in place.

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 2019-20.

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 2019 appears on page 94.

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, the Listed Companies (Code of Corporate Governance) Regulations, 2017 and Rule Book of Pakistan Stock Exchange Limited:

- During the financial year ended 30 June 2019, following were the directors of the Company. Total number of Directors: 8 (7 male and one female).

Category	Names
a) Independent Director	Mr. Sultan Ali Rajwany Mr. Yaseen M. Sayani
b) Non-Executive Directors	Mr. Muhammad Rashid Zahir Mrs. Amyna Feerasta Mr. Shehzad Feerasta Mr. Zeeshan Feerasta
c) Executive Directors	Mr. Nooruddin Feerasta Mr. Abdul Hayee

Committees of the Board

Audit Committee

1.	Mr. Yaseen M. Sayani	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 infrastructural development and refurbishment of manufacturing lines with the aim of cost cutting. Strategic review was undertaken through monitoring of marketing trend for monthly production plans to ensure uninterrupted supply to meet the downstream demands.

- 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 2019.

- Rupali Polyester Limited is not a foreign company and has no holding or subsidiary company.

- Pattern of shareholding as on 30 June 2019 is annexed.

- The earning per share at the year end was Rs.1.61

- The factors contributed towards main achievements during the year 2018-19 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 good turnaround.

- The Company's historical debt repayments and servicing record is excellent and its Management never allowed a situation to arise that 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 2019 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 that 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.

- The Company's business operations have no adverse impact on environment. The outlets of wastewater, 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.

- 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

In compliance with Section 208 and 209 of the Companies Act, 2017 and Related Parties Regulations, 2018 the Company executes transactions with following associated companies, related parties in its ordinary course of business:

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

The shareholders in its meeting held on 27 October 2018 had given approval through special resolution for transactions to be consummated with related parties during the year 2018-19. The Board of Directors has duly approved/ratified the transactions made in FY 2019 with above related parties.

Disclosure Requirements as per Code of 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' Certificate 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. In order to drive 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 continue taking measures 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 focuses 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.

We further state that:

- 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 Vietnam disturbed our sales targets which put adverse impact on our sales revenues. The reasons for increased finance costs 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 2019 (Unaudited)	30 June 2018 (Audited)
27,086	25,076

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. Yaseen M. Sayani	Chairman	2
2. Mr. Sultan Ali Rajwany	Ex-Chairman	2
3. Mr. Muhammad Rashid Zahir	Member	4
4. 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	4
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: 5

Attendance by each Director:

1. Mr. Nooruddin Feerasta (Chief Executive Officer)	5
2. Mr. Muhammad Rashid Zahir (Non-executive)	5
3. Mr. Muhammad Ali Sayani	2
4. Mrs. Amyna Feerasta (Non-executive)	3
5. Mr. Yaseen M. Sayani (Independent & Non-executive)	3
6. Mr. Sultan Ali Rajwany (Independent & Non-executive)	5
7. Mr. Shehzad Feerasta (Non-executive)	5
8. Mr. Zeeshan Feerasta (Non-executive)	5
9. Mr. Abdul Hayee (Executive)	5

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 demonstrates Company's best corporate governance in practice.

Whistleblowing Policy

Rupali Polyester 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 program, 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. The Board Audit Committee as well as the Board oversees this process.

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 2019.

There was no reportable occupational illness from our employees or contracted manpower in 2019. 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 2019 prepared as per provisions of Companies Act, 2017 were approved and authorized for their issuance by the Board of Directors on 21 September 2019.

Approval of the Directors' Report and Compliance Statement

The Board of Directors approved the Directors' Report and statement of compliance on 21 September 2019 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 Federal Board of Revenue and Government of the Punjab for their cooperation. We appreciate the patronage and confidence placed in the Company by the Development Financial Institutions and commercial banks. We are thankful to our valued customers and expect growing business relationships with them. To our stakeholders, we are grateful for their faith and trust in the Company. We place on record our appreciation of the contribution made by employees at all levels. Our resilience to meet challenges was made possible by their hard work, solidarity, co-operation and support.

On behalf of the Board

Nooruddin Feerasta Chief Executive Officer	Shehzad Feerasta Director

Lahore:
21 September 2019

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 کونہایت اہم سمجھتے ہوئے اس کا کاملاً ادراک رکھتی ہے اور آپریشنل عمدگی کے لئے اپنے ملازمین اور ٹھیکے داروں کی ضروری تربیت کونہایت 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 کوشامل کرنے کے لئے کوشاں ہیں۔

لیبر مینجمنٹ تعلقات

گزشتہ سالوں کی طرح مینجمٹ 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 ۲۰۱۹ء کمپنیوں کے قانون مجریہ ۲۰۱۷ء کے تحت بنائے گئے کی منظوری ۲۱ ستمبر ۲۰۱۹ء کو ہونے والے بورڈ آف ڈائریکٹرز کے اجلاس میں دی گئی اور ان کے اجراہ کے لیے اختیار دیا گیا تھا۔

ڈائریکٹرز رپورٹ اور تعمیل کے بیان کی منظوری

ڈائریکٹرز رپورٹ اور تعمیل کے بیان کی منظوری بورڈ آف ڈائریکٹرز نے اپنے ۲۱ ستمبر ۲۰۱۹ء کو ہونے والے اجلاس میں دی۔

اظہارِ تشکر

ڈائریکٹرز،خزانہ،صنعتوں پیداوار اور معاشی امور کی وزارت،تجارت،مواصلات اور وزارتِ ٹیکسٹائل کے تعاون کے لئے اظہارِ تشکر کرنا چاہتے ہیں۔ہم وفاقی بورڈ آف ریونیو،کسٹمز،سینٹرل ایکسائز اور حکومتِ پنجاب کے تعاون کے بھی شکر گزار ہیں۔ہم ترقیاتی مالیاتی اداروں اور کمرشل بنکوں 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 پر اعتماد کے لئے شکر گزار ہیں۔ہم ان کے اس اعتماد کی قدر کرتے ہیں اور کمپنی کی انتظامیہ اور عملے کی مسلسل محنت کی تعریف کرتے ہیں۔

منجانب بورڈ آف ڈائریکٹرز:

نورالدین فیراستہ
چیف ایگزیکٹیو آفیسر

شہزاد فیراستہ
ڈائریکٹر

لاہور:
۲۱ ستمبر ۲۰۱۹ء

اجلاسوں میں شرکت کی تفصیل

محاسبی کمیٹی

کل اجلاس ۴

نام کارکن	کتنے اجلاسوں میں شرکت کی
۱۔ جناب یٰسین ایم سیانی (چیئرمین)	۲
۲۔ جناب سلطان علی راجوانی (گذشتہ چیئرمین)	۲
۳۔ جناب محمد رشید ظاہر (ممبر)	۴
۴۔ جناب ذیشان فیراستہ (ممبر)	۴

انسانی وسائل کی کمیٹی

کل اجلاس ۴

نام کارکن	کتنے اجلاسوں میں شرکت کی
۱۔ جناب سلطان علی راجوانی (چیئرمین)	۴
۲۔ جناب نورالدین فیراستہ (ممبر)	۴
۳۔ جناب ذیشان فیراستہ (ممبر)	۴

بورڈ آف ڈائریکٹرز

کل اجلاس ۵

نام کارکن	کتنے اجلاسوں میں شرکت کی
۱۔ جناب نورالدین فیراستہ (چیف ایگزیکٹیو آفیسر)	۵
۲۔ جناب محمد رشید ظاہر (غیر۔ایگزیکٹیو)	۵
۳۔ جناب محمد علی سیانی (غیر۔ایگزیکٹیو)	۲
۴۔ محترمہ امینہ فیراستہ (غیر۔ایگزیکٹیو)	۳
۵۔ جناب یٰسین ایم سیانی (آزاد اور غیر۔ایگزیکٹیو)	۳
۶۔ جناب سلطان علی راجوانی (آزاد اور غیر۔ایگزیکٹیو)	۵
۷۔ جناب شہزاد فیراستہ (غیر۔ایگزیکٹیو)	۵
۸۔ جناب ذیشان فیراستہ (غیر۔ایگزیکٹیو)	۵
۹۔ جناب عبدالحیٔ (ایگزیکٹیو)	۵

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 حفظانِ 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۔

- بورڈ ممبران اور کمپنی مینجمنٹ درپیش مسائل سے بخوبی آگاہ ہیں اور اہم اقدامات تدریجی مراحل میں اُٹھائے جارہے ہیں جس سے کمپنی کی سرگرمیوں اور مالی امور میں نمایاں تبدیلی آئی ہے۔
- کمپنی مینجمنٹ ادائیگیوں میں نہایت اصول پرست ہے اور اس ضمن میں ایک اعلی ساکھ کی حامل ہے ادائیگی میں بلا جواز تاخیر کبھی رونما نہیں ہوئی۔
- کمپنی کے اندرونی کنٹرول اعلی معیار پر بنائے گئے ہیں جن پر سختی سے عمل ہوتا ہے۔
- کمپنی کے امور میں سال مختتمہ ۳۰ جون ۲۰۱۹ 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 ایسٹر یارن پر اینٹی ڈمپنگ ڈیوٹی لگنے سے اِس مدت میں مالی نتائج میں بہتری دیکھنے میں آئے گی۔ البتہ روپے کی زرقدر میں کمی سے مالی نتائج زیر بار رہنے کا خدشہ ہے۔
- کمپنی کے کاروبار سے ماحولیات پر کوئی مضر اثر نہیں پڑ رہا اور ماحولیاتی تحفظ کے اصولوں کو مدِ نظر رکھا جاتا ہے۔
- کمپنی اپنی CSR ذمہ داریوں سے بخوبی آگاہ ہے اور اس مد میں وقتاً فوقتاً مختلف مستحق اداروں سے مالی تعاون کرتی رہتی ہے۔

متعلقہ پارٹیوں سے لین دین

منسلک کمپنیوں اور متعلقہ پارٹیوں سے کئے گئے لین دین کو بورڈ آف ڈائریکٹرز کے سامنے پیش کیا جاتا ہے۔ سال ۲۰۱۹ 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 کے تحت خصوصی تفصیلات

اعلی معیار کی گورننس کمپنی کے بورڈ آف ڈائریکٹرز کیلئے ہمیشہ بہت اہم رہی ہے اور ہمیں یہ کہتے ہوئے خوشی واطمینان ہو رہا ہے کہ کمپنی اللہ کے فضل و کرم سے اچھی کارپوریٹ گورننس کے لئے وضع کئے گئے معیاروں پر پورا اُترتی ہے اور متعلقہ قواعد وضوابط پر تعمیل کی حامل ہے۔ اس ضمن میں درج ذیل مخصوص بیانات واضح کیے جارہے ہیں۔

- کمپنی کی جانب سے تیار کردہ مالیاتی گوشوارے، اس کے معاملات کی حالت، آپریٹنگ نتائج، پیسے کے بہاؤ اور مالکایہ (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۔
- 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 وشبہات 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 ۲۰۱۹
---روپے ہزاروں میں---	
(پڑتال شدہ)	(غیر پڑتال شدہ)
۲۵،۰۷۶	۲۷،۰۸۶

دیگرافشا

کمپنی کی کارکردگی اس رپورٹ کے اوائل حصہ میں تفصیل سے بیان کردی ہے تاہم کمپنیز ایکٹ ۲۰۱۷ کی شق نمبر ۲۲۷ اورلسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ضوابط، ۲۰۱۷ کے تحت کچھ لازمی جزئیات ذیل میں واضح کی جارہی ہیں۔

- مالی سال مختتمہ ۳۰ جون ۲۰۱۹ کے دوران ڈائریکٹران کی کل تعداد ۸ (سات مرد اور ایک خاتون) تھی۔ ڈائریکٹران کے اسماء یہ ہیں۔

کیٹیگری	اسماء
ا۔ آزاد ڈائریکٹرز	جناب سلطان علی راجوانی جناب یٰسین ایم سیانی
ب۔ غیر ایگزیکٹیو ڈائریکٹرز	جناب محمد رشید ظاہر محترمہ امینہ فیراستہ جناب شہزاد فیراستہ جناب ذیشان فیراستہ
ج۔ ایگزیکٹیو ڈائریکٹرز	جناب نورالدین فیراستہ جناب عبدالحئی

محاسبی کمیٹی

نام مع عہدہ رُکن
ا۔ جناب یٰسین ایم سیانی - چیئرمین (آزاد ڈائریکٹر)
ب۔ جناب محمد رشید ظاہر - ممبر (غیر ایگزیکٹیو ڈائریکٹر)
ج۔ جناب ذیشان فیراستہ - ممبر (غیر ایگزیکٹیو ڈائریکٹر)

انسانی وسائل کمیٹی

نام مع عہدہ رُکن
ا۔ جناب سلطان علی راجوانی - چیئرمین (آزاد ڈائریکٹر)
ب۔ جناب نورالدین فیراستہ - ممبر (چیف ایگزیکٹیو آفیسر)
ج۔ جناب ذیشان فیراستہ - ممبر (غیر ایگزیکٹیو ڈائریکٹر)

کمپنی کا پرنسپل کاروبار تسلسل سے جاری رہا۔ سالِ رواں میں کمپنی پیداواری لاگت کم کرنے کے لیے اہم اقدامات کئے جن میں انفراسٹرکچر 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۔

- کمپنی مُحاسب نے سال مختتمہ ۳۰ جون ۲۰۱۹ کیلئے unqualified محاسبہ رپورٹ دی ہے۔

- سال مختتمہ ۳۰ جون ۲۰۱۹ کیلئے فی حصص قیمت ۶۱.۱ روپے رہی۔

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۔

بورڈ آف ڈائریکٹرز

بورڈ آف ڈائیریکٹرز میں موجودہ ممبران کا انتخاب ۲۷ اکتوبر ۲۰۱۸ کو کیا گیا تھا۔ موجودہ تشکیل لسٹڈ کمپنیوں کے (کوڈ آف کارپوریٹ گورننس) ضوابط ۲۰۱۷ کی متعلقہ دفعات کے مطابق ہے۔ اُس کے بعد سے بورڈ آف ڈائیریکٹرز کی تشکیل میں کوئی تبدیلی نہیں ہوئی۔

بورڈ آف ڈائریکٹرز فرادہ ممبران اور مجموعی طور پر بورڈ کے لئے مناسب خصوصیات، مہارت، تجربہ کا تعیّن کرتا ہے اس مقصد کے تحت کہ ممبران بورڈ مختلف النوع تجربہ کے حامل ہوں اور اعلیٰ پیشہ وارانہ اخلاقیات، ایمانداری اور بہترین قوّت فیصلہ اور فکری انشاء پردازی کے حامل ہوں۔

خودمختار ڈائیریکٹران سمیت غیر ایگزیکٹو ڈائیریکٹرز کی معاوضہ پالیسی پر نظرثانی جاری ہے کہ بورڈ کی پالیسی سازی اور بورڈ کے دیگر کاموں میں ڈائیریکٹران کے عمل دخل کے مطابق بورڈ کے ذریعہ مشارہ میں ردوبدل کا جائزہ لیا جائے۔

ڈائریکٹران کا مشارہ

تفصیل برائے مجموعی رقم برائے سال ۲۰۱۹ ذیل میں دی گئی ہے۔

ڈائریکٹرز کیٹا گری	تعداد	مجموعی رقم	دیگر مراعات
ایگزیکٹو ڈائریکٹرز: ایک چیف ایگزیکٹو آفیسر (جناب نورالدین فیراستہ) ایگزیکٹو ڈائریکٹر (جناب عبدالحیٔ)	دو (چیف ایگزیکٹو اور ایک ایگزیکٹو ڈائریکٹر)	کوئی نہیں ۶.۱۸ ملین روپے سالانہ	چیف ایگزیکٹو آفیسر اُن کی پہلی تقرری سے اب تک کوئی تنخواہ نہیں لے رہے سوائے کمپنی کار کے۔ کوئی نہیں
آزاد ڈائریکٹران	دو	کوئی نہیں	
غیر ایگزیکٹو ڈائریکٹران	چار	کوئی نہیں	

معاوضہ پالیسی پر بورڈ نظرثانی کرتا رہتا ہے۔

محاسب

موجودہ محاسب میسرز قوی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس اپنے تقرر 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 ۲۰-۲۰۱۹ کی سفارش کی ہے۔

منافع منقسمہ

بورڈ نے سالِ مختتمہ ۳۰ جون ۲۰۱۹ کیلئے ۱۰ فیصد یعنی ایک روپیہ فی حِصص حتمی منافع منقسمہ کی سفارش کی ہے۔

حصص داری کا طرز

۳۰ جون ۲۰۱۹ کے دن کمپنی کی حِصص داری کی تفصیل صفحہ نمبر ۹۴ پر موجود ہے۔

حمایت میں ساختی اصلاحات پر عمل درآمد کرنے کی اشد ضرورت ہے۔ ملک کو مستحکم ترقی کی راہ پر گامزن کرنے کے لئے اصلاحات میں شرح تبادلہ میں لچک بہتر مسابقت اور کم لاگت پر کاروبار کے موقع فراہم کرنا شامل ہے۔

جیسا کہ پہلے تذکرہ کیا گیا ہے چینی ملائیشین اور ویت نامی فلامنٹ دھاگہ بنانے والے ۵ فیصد RD کے خاتمہ کی وجہ سے اپنی مصنوعات dump کرنے میں مصروف عمل ہیں۔ اوسطاً سی اینڈ ایف قیمت جس پر PFY درآمد کیا جارہا ہے وہ ہر مہینے کم سے کم ہوتی جارہی ہے لہٰذا اشد ضرورت اس بات کی ہے کہ قومی ٹیرف کمیشن اس میں مداخلت کرے اور قبل اس کے مقامی PFY صنعت ملک میں مکمل طور پر ختم ہوجائے کو مکمل تحفظ دیا جائے۔

ایک صنعت کا مستقبل حکومت کی سازگار کاروباری اور صنعتی تحفّظ کی حکمت عملیوں میں ہے جس کا مقصد ملک میں غیر قانونی درآمدات کے نقصان دہ طریقوں کو روکنا ہے جو مقامی صنعت کیلئے مضر ہوں۔

برنٹ کی قیمتیں بڑھ سکتی ہیں کیونکہ ایران کی طرف سے خام تیل کی برآمد پر پابندی اور عائد دیگر امریکی پابندیوں کے پیش نظر تیل کی عالمی منڈی خراب ہورہی ہے اور یہ آئندہ چند ماہ میں کم ہوسکتی ہے۔ تیل کی منڈیاں سمت متعین کرنے کے لئے جدوجہد کریں گی، کیونکہ ایرانی پابندیوں کی وجہ سے پیدا ہونے والی غیر یقینی صورتحال اور امریکہ اور چین کے مابین تجارتی کشیدگی برقرار ہے۔ برنٹ کی قیمتوں میں اضافے کا اثر ہمارے خام مال کی قیمتوں پر بھی پڑے گا۔

ماضی قریب میں، بڑی کرنسیوں کی شرح تبادلہ امریکی ڈالر کے مقابلہ میں گری ہیں۔ اسٹیٹ بینک آف پاکستان نے کچھ مخصوص درآمدات کے لئے سو فیصد کیش مارجن کی شرط عائد کردی۔ اس سے ہماری خام مال کی درآمدات بری طرح متاثر ہوں گی، جو عام طور پر ۹۰ دن کی التوا ادائیگی کے ساتھ Usance LC کے تحت درآمد کی جاتی ہیں۔

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

گزشتہ کئی برسوں سے ملک کی مقامی صنعت میں ایک اضطراب اور بے چینی پیدا ہوچکی ہے جس سے بڑی انفراسٹرکچر سرمایہ کاری بے کار ہوکر رہ گئی ہے۔ متعلقہ حکام نے بھی اس اہم ایریا کو نظرانداز کئے رکھا نتیجۃً مقامی صنعت میں جو ایک صلاحیت ہے اس کے تناسب سے وہ deliver نہیں کر پارہی۔ صارفین کی بڑھتی ہوئی مانگ کو پورا کرنے کے لئے مقامی صنعت کے پاس وہ تمام وسائل واسباب 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 کردیا گیا اور بے جا مسابقتی ماحول نے جنم لیا ہے۔ اگر مقامی صنعت کو تحفظ دیا جائے تو وہ مزید سرمایہ کاری کر کے انقلابی نمو اور روزگار کے مواقع پیدا کرسکتے ہیں۔

رسک 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 راست ہوں۔ بورڈ باقاعدہ کاروبار کو درپیش بڑے خطرات پر تازہ معلومات لیتا رہتا ہے۔ سربراہ کمپنی اور سینئر مینجمنٹ بورڈ آف ڈائریکٹر کی نگرانی میں روزمرہ کے درپیش خطرات کا جائزہ لیتے ہیں۔

سیلز ٹیکس کی واپسی

سیلز ٹیکس کی بڑی رقم حکومت کے پاس زیرِ التوا ہے۔ فنانس ایکٹ دوسری ترمیم ۲۰۱۹ء کے ذریعے وفاقی حکومت نے رقم کی واپسی کیلئے سیلز ٹیکس ریفنڈ بانڈز کی سکیم شروع کی ہے جو تین سال تک ۱۰ فیصد سالانہ شرح سُود پر جاری کئے جائیں گے۔ تین سال کی مدت ختم ہونے پر ان بانڈز کی دوبارہ تجدید یا ادائیگی کیلئے وفاقی ریونیو بورڈ سے رجوع کرنا ہوگا جس کے لئے طریق کار ابھی واضع نہیں۔ کمپنی نے بانڈز والی سکیم کو ترجیح نہیں دی کیونکہ اس سے نقد مائع کی عدم فراہمی اور بینکوں سے حاصل کی گئی فنانسنگ پر اضافی مالی اخراجات کی مد میں مزید اضافہ کا اندیشہ ہے۔

معزز عدالت عالیہ لاہور کی ہدایات کے مطابق جی ڈی آئی سی کا معاملہ سوئی ناردرن گیس پائپ لائنز لمیٹڈ (ایس این جی پی ایل) کے پاس زیرِ التوا ہے۔ صنعتیں GIDC ایکٹ ۲۰۱۵ء کی مخالفت کر رہی ہیں۔ حال ہی میں ایک نیا GIDC قانون ۲۰۱۹ء جاری ہوا جس کے تحت صارفین (بشمول زیرو۔ ریٹڈ سیکٹرز) کو یک بارگی موقع دیا گیا کہ وہ سابقہ بقایا جات کا ۵۰ فیصد ادا کریں تاہم اس قانون کی سخت مخالفت ہوئی اور حکومت نے اسے واپس لے لیا۔ اور معزز عدالتِ عظمٰی میں GIDC سے متعلق زیرِ التوا مقدمات کی پیروی کا فیصلہ کیا ہے۔ یہ آرڈیننس پہلے سے مالی مشکلات میں پھنسی ہوئی کپڑے کی صنعت پر ایک بڑا مالی بوجھ لا رہا تھا جو واپس لے لیا گیا۔ لہٰذا حکومت کو چاہیئے کہ GIDC ایکٹ ۲۰۱۵ء کو بھی واپس لے لے۔

فروخت آمدنی اور منافع

مالی سال ۲۰۱۹ء میں PSF اور PFY میں فروخت کے حجم اور آمدنی دونوں میں اضافہ ہوا ہے۔ حجم میں اضافہ ہماری نئی POY لائن کے باعث ہوا جس سے ہم نے PFY کی مختلف اقسام کی مصنوعات کم لاگت پر تیار کیں اور آمدنی میں اضافہ قدر زر میں کمی کی آنے والی لہر کے باعث ہوا جس سے مجموعی طور پر ہماری مصنوعات ہمراہ فیڈ سٹاک کے نرخ بڑھے۔ ہماری مارکیٹنگ ٹیم نے بڑے پیمانے پر فروخت کو فروغ دینے میں اہم کردار ادا کیا۔ تاہم ہمارے صارفین بسا اوقات درآمد شدہ کپڑے کے ساتھ سخت مسابقت کے باعث مارکیٹ کے سست ردِعمل کی وجہ سے زیادہ اسٹاک جذب کرنے میں ہچکچاہٹ کا مظاہرہ کرتے ہیں۔ غیر رجسٹرڈ تاجران کیلئے نئے ٹیکس اقدامات جو کہ یکم جولائی ۲۰۱۹ء سے نافذ العمل تھے کے باعث مالی سال ۲۰۱۹ء کے آخری مہینہ میں فروخت میں خاصی کمی کا سامنا کرنا پڑا۔

فروخت آمدنی برائے سال ۲۰۱۹ء سالِ گذشتہ کی فروخت آمدنی ۶،۰۰۴.۱۱ ملین روپے سے بڑھ کر ۹،۰۵۳.۴۷ ملین روپے ہوگئی۔ خام منافع جو سال گذشتہ ۳۶۳.۱۹ ملین روپے تھا سے بڑھ کر ۴۹۱.۱۱ ملین روپے ہوگیا۔ آپریٹنگ منافع جو سالِ گذشتہ ۲۳۴.۶۹ ملین روپے تھا ۲۰۱۹ء میں بڑھ کر ۳۴۲.۶۴ ملین روپے ہوگیا۔ فنانس لاگت سالِ گذشتہ ۱۱۸.۸۷ ملین روپے سے بڑھ کر ۱۶۸.۳۶ ملین روپے رہی۔ قبل از ٹیکس منافع سالِ گذشتہ میں ۱۱۵.۸۲ ملین روپے کی نسبت اس سال ۱۷۶.۳۰ ملین روپے ہوگیا اور بعد از ٹیکس منافع ۶۴.۵۵ ملین روپے کے مقابلے میں ۵۴.۹۸ ملین روپے ہوگیا۔

مستقبل کا جائزہ

گیس / آر ایل این جی اور بجلی کے نرخوں میں غیر معمولی اضافہ اور بینکوں سے لئے گئے قرضوں کی شرح سُود پیداواری لاگت کو کم کرنے کے ہمارے اقدامات پر حاوی ہو جائیں گے اور خدشہ ہے کہ مسابقتی مارکیٹ کی کم قیمتوں کی وجہ سے ہماری مصنوعات کی پیداواری لاگت منفعت بخش نہیں رہے گی۔ کئی بار ہم نے لاگت سے بھی کم قیمت پر اپنی مصنوعات فروخت کیں۔ مقامی صنعت کے لئے GIDC ایکٹ ۲۰۱۵ء کے ضمن میں GIDC کے بقایا جات نا قابل برداشت مالی بوجھ ہوگا۔

مالی سال ۲۰۱۹ء اور مالی سال ۲۰۲۰ء میں ترقی میں کمی کا امکان ہے کیونکہ حکومت مالی اور مالیاتی پالیسیاں سخت کر رہی ہے۔ معاشی ایڈجسٹمنٹ کے ساتھ ساتھ صنعتی نمو کی

اینٹی ڈمپنگ ڈیوٹی - عدالتی مقدمات

قومی ٹیرف کمیشن کی تشکیل یا اینٹی ڈمپنگ ڈیوٹی عائد کئے جانے کے خلاف ایک بہانے یا دوسرے بہانے سے مختلف عدالتوں یا اپیل کے ٹریبونلز میں متعدد درخواستیں دائر کی گئی ہیں۔ جون ۲۰۱۹ء میں عدالت عالیہ لاہور (راولپنڈی بینچ) میں ایک درخواست دائر ہوئی جس میں عدالت عالیہ نے عبوری حکم نامہ کے ذریعہ حتمی ADD معطل کی ہے۔

کمپنی میرٹ کی بنیاد پر دائر کردہ درخواستوں کے خلاف دفاع کررہی ہے کیونکہ کئی عدالتی احکامات سے ایسی متعدد درخواستیں پہلے خارج کی جاچکی ہیں۔ جونہی کوئی حکمِ امتناعی خارج ہوتا ہے تاجر اصل حقائق کو چھپا کر کوئی نئی درخواست داخل کردیتے ہیں PFY کے برآمدکنندگان دھوکہ دہی کی حکمت عملی سے گھریلو PFY صنعت کو بہت نقصان پہنچارہے ہیں اور ڈمپڈ درآمدات کی حوصلہ افزائی ہورہی ہے جو کہ گھریلو صنعت کیلئے سراسر ضرررساں ہے۔

خام مال کی قیمتیں

مالی سال ۱۹-۲۰۱۸ میں خام مال کی قیمتیں غیر مستحکم رہیں۔ اگست ۲۰۱۸ء میں پی ٹی اے کی قیمت ۹۹۰ امریکی ڈالرفی میٹرک ٹن تھی جو اگست ۲۰۱۹ء میں ۵۷۰ امریکی ڈالرفی میٹرک ٹن ہوگئی۔ اسی طرح ایم ای جی کی قیمت اگست ۲۰۱۸ء میں ۹۴۰ امریکی ڈالرفی میٹرک ٹن تھی جو اگست ۲۰۱۹ء میں کم ہوکر ۵۷۵ امریکی ڈالرفی ٹن ہوگئی۔

عالمی منڈی میں خام تیل کی قیمتیں بھی غیر مستحکم رہیں مشرق وسطٰی اور مغربی ایشیاء میں تناؤ تیل کی قیمتوں میں اضافے کا سبب بنے گا۔ چین اور امریکہ کے مابین تجارتی جنگ نے بھی تیل کی قیمتوں کو متاثر کیا ہے۔

چین کے ساتھ آزادتجارتی معاہدہ (ایف ٹی اے)

پاکستان چین کے مابین آزاد تجارت کا معاہدہ ہونے جارہا ہے۔ اس معاہدہ میں مقامی صنعت کا تحفظ ضروری ہے تاکہ یہ اس ایف ٹی اے کا شکار نہ ہو۔

OEKO-TEX تصدیق

درآمد شدہ خام مال، اعلٰی پیداواری سامان اور فنی اور تکنیکی قابلیت ہماری اعلٰی معیار کی مصنوعات کو بنانے میں بڑی معاون ہیں۔ ہماری مصنوعات (PFY) ۱۰۰ OEKO-TEX(R)Standard کے تحت تصدیق شدہ ہیں۔ سال ۲۰۲۰ء کے لیے تجدید زیرِعمل ہے۔

حال بہتر مگر آگے چیلنجز

مالی سال ۲۰۱۸ء سے ٹیکسٹائل سیکٹر کیلئے بہتری آئی ہے مگر ہمارے سامنے بہت سارے چیلنجز نظر آرہے ہیں جن میں:۔

(i) PFY کی ہونے والی ڈمپنگ
(ii) بڑھتے ہوئے مارک-اپ ریٹ
(iii) کم اُجرتوں اور توانائی کے کم نرخوں جیسی علاقائی مسابقت
(iv) ٹیکسوں کے سخت قوانین

یہ سیکٹر مثبت کاوشوں کے ساتھ کاروبار میں سرگرم عمل ہے مگر شرح سود میں اضافہ اس کی نمو میں رکاوٹ پیدا کرے گا۔ حکومت کو ترجیحی بنیادوں پر دور س نتائج میں بہتری کیلئے ان چیلنجز کا ازالہ کرنا ہوگا۔

سے ویتنام کے سپلائرز کو موقع مل گیا کہ وہ پاکستانی منڈی میں سستے نرخوں PFY بیچ کر اپنا مارکیٹ میں حصّہ بڑھا سکیں۔ بدقسمتی سے پاکستان کی مختلف عدالتوں سے تاجروں کے بار بار لئے جانے والے حکم امتناعی سے قومی ٹیرف کمیشن کی مقرر کردہ حتمیADD غیر موثر ہو کر رہ گئی۔ اِسلئے ضروری تھا کہ ۵ فیصدRD برقرار رہتی تا کہ مقامی مینوفیکچرز کو یکساں سطح کا میدان میسّر ہوتا۔ اسکے علاوہ POY پر ڈیوٹی میں کمی کا بہت ہی غلط استعمال ہوا کہ درآمد کنندگان نے FDY پولیسٹر جو کہ POY کی طرح کا نظر آتا ہے بآسانی POY سمجھ کر کم ڈیوٹی ادا کئے کسٹم سے باہر آتا رہا۔

PFY صنعت پاکستان میں درآمد پر انحصار کو کم کرنے کیلئے اور ملک کی بڑھتی ہوئی آبادی کو پہناوا فراہم کرنے کیلئے کوشاں ہے۔ تا کہ روپیہ کی قدر مزید نہ گرنے پائے۔ ۵ فیصدRD اورADD سے مقامی صنعت اپنی پوری گنجائش تک پیداوار کو بڑھانے کے ساتھ بند شدہ یونٹوں کو دوبارہ چالو کرنے کے قابل ہوگئی تھی۔ روپالی پولیسٹر لیمیٹڈ نے بھی نومبر ۲۰۱۸ میں ۱۱،۰۰۰ ٹن سالانہ گنجائش کا پلانٹ لگایا۔ مگرRD واپس لئے جانے سے PFY کی مقامی صنعت میں ایک بار پھر نمو کے مواقع خطرے میں پڑ گئے ہیں۔

مقامیP F Y صنعت شناخت کی متقاضی

Synthetic سیکٹر کو برآمدات کے بجائے درآمد متبادل کیلئے تیار کرنا ضروری ہے فی الوقت Synthetic سیکٹر Value-added درآمدات کیلئے اِتنا ضروری نہیں۔ اس سیکٹر میں یہ صلاحیت ہے کہ مقامی آبادی کو پہناوا دے اور درآمدات کا متبادل تیار کر کے زرِ مبادلہ میں بچت کر سکے جو کہ ضروری درآمد پر خرچ ہو۔ اسلئے مقامی مینوفیکچرنگ صنعت کی نمو کو تحفظ دینے کیلئے RD اور درآمدی ڈیوٹی عائد کی جائے۔

کم از کم ۵ فیصدRD اس صنعت کی نمو میں مدد دے گی تا کہ مقامی کھپت میں اس کا حصّہ جو ۲۰۱۷ میں ۳۳ فیصد تھا سے بڑھا کر ۲۰۲۲ میں ۵۷ فیصد کیا جا سکے۔ اس سے امپورٹ بل میں کمی آئے گی جو کہ ۱۴۰،۰۰۰ ٹن سالانہ سے صرف ۳۰،۰۰۰ ٹن رہ جائے گا جس سے قوم کے امپورٹ بل میں ۱۰۰ ملین امریکی ڈالر سے زائد کمی کی جا سکے گی۔

جیسا کہ اوپر بتایا گیا Synthetic سیکٹر موجودہ مرحلے میں Value-added برآمدات کیلئے اتنا اہم نہیں لہٰذا اسے برآمدات کی بجائے درآمدی متبادل کیلئے تیار کرنا ہوگا۔ عالمی تجارت کا بہاؤ اس بات کی نشان دہی کرتا ہے کہSynthetic(بشمول نائلون-Acrylic - Viscose-پولیسٹر-وغیرہ) تمام made-ups کی گلوبل ٹیکسٹائل برآمدات کا صرف ۲۸ فیصد ہے جس کا محض ۲۰ فیصد پولیسٹر ہے اور یہ ۲۰ فیصد دونوں پولیسٹر فائبر اور پولیسٹر فلامنٹ دھاگہ پر مشتمل ہے اس طرح پولیسٹر فلامنٹ دھاگہ کل گلوبل Value-added برآمد میں صرف دس فیصد یا اُس سے بھی کم ہے۔ چونکہ ۷۲ فیصد تمام اقسام ملبوسات- کپڑا- made-ups پر مشتمل گلوبل کپڑے کی برآمدات Non-Synthetic یعنی ریشمی نہیں بلکہ زیادہ تر کاٹن ہے اور پاکستانی ٹیکسٹائل کی بنیاد کاٹن ہے لہٰذا ٹیکسٹائل پالیسی میں ٹیکسٹائل کی برآمدات بڑھانے کیلئے زیادہ تر توجہ کپاس کی پیداوار پر مبذول ہونا چاہئے اور یہ موجودہ ۱۲ ملین گانٹھوں سے ۲۵ ملین گانٹھوں تک بڑھائی جانی چاہیئے تا کہ کاٹن کے ملبوسات کی برآمد میں اضافہ ہو۔

ریشم(Synthetic) درآمد کے متبادل کو فروغ دینے کی حکمت عملی کے مطابق مقامی PFY صنعت کو تحفظ درکار ہے جو اس شکل میں ہو کہ درآمدPFY پر ۱۱ فیصد درآمدی ڈیوٹی اور ۵ فیصد آر ڈی(RD) عائد کی جائے اُس کی وجہ یہ ہے کہ پاکستان میں چین پر بہت ہی کم اور غیر مؤثر اینٹی ڈمپنگ ڈیوٹی عائد کی گئی ہے (بمقابلہ وہ شرح جس پر ترکی/ہندوستان نے عائد کی)۔

بین الاقوامی مسابقت کوفروغ دیتا ہے۔تاہم ایسی کوئی بھی پالیسی جوصنعت کی نمو میں رکاوٹیں پیدا کرتی ہے اُس پرنظرثانی کی ضرورت ہے تاکہ dumped درآمدات کوروکا جاسکے۔

وفاقی بورڈ آف ریونیو(ایف بی آر) نے ٹیکسٹائل اور چمڑے کے شعبوں کوآن لائن سسٹم کے ساتھ اپنی سپلائز کواکٹھا کرکے کم سیلزٹیکس شرح کا فائدہ اُٹھانے کا طریقہ کار جاری کیا ہے۔ایف بی آر نے ٹیکسٹائل اور چمڑے کے شعبوں میں سیلز ٹیکس کی شرح ۱۵% کرنے کی اجازت دینے کے لئے فنانس ایکٹ ۲۰۱۹ء میں سیریل نمبر ۶۶ شامل کیا، اس شرط کے ساتھ کہ کسی بھی یونٹ کی فروخت کے تمام Points ایف بی آر کے آن لائن نظام کے ساتھ منسلک کیے جائیں۔تاہم یہ طریقہ کار زیادہ عملاً سودمند نہیں کیونکہ نچلی مارکیٹ منقسم صارفین اور غیر منظّم شعبے پر مشتمل ہے۔

توانائی کے بڑھتے ہوئے نرخ

توانائی کی لاگت میں اضافہ ہوا ہے۔یہ ہماری مینوفیکچرنگ لاگت پر اضافی مالی بوجھ ڈالے گا۔اکنامک کوآرڈینیشن کمیٹی (ای سی سی) نے ۱۶.۰۹.۲۰۱۸ کے اپنے فیصلے کے تحت جو بعدازاں وفاقی کابینہ نے ۲۷.۰۹.۲۰۱۸ کو توثیق کی تھی کہ زیرو-ریٹڈ برآمدی شعبہ کو مقامی گیس کی فراہمی کے ساتھ ساتھ درآمد شدہ آرایل این جی کو مشترکہ وزنی اوسط بمطابق ۶.۵۰ امریکی ڈالر فی ایم ایم بی ٹی یو پر مہیا کی جائے۔جون ۲۰۱۹ء کے بلوں میں سوئی ناردرن گیس پائپ لائنز لمیٹڈ (ایس این جی پی ایل) نے زیرو-ریٹڈ صنعتی صارفین کو فی ایم ایم بی ٹی یو ۶.۵۰ امریکی ڈالر اوسط ٹیرف کا اثر نہیں دیا اور اس کے باوجود زیادہ نرخوں کی بنیاد پر بل جاری کئے۔اس حقیقت کے باوجود کہ وفاقی کابینہ کے فیصلے کو معزز لاہور ہائیکورٹ نے مورخہ ۰۲.۰۵.۲۰۱۹ کے آرڈر کے ذریعے برقرار رکھا اور ایس این جی پی ایل کو ہدایت دیتے ہوئے کہا کہ ۲۷.۰۹.۲۰۱۸ کے وفاقی کابینہ کے فیصلے کا فائدہ زیرو-ریٹڈ صارفین کو دینے سے انکار نہیں کیا جائے گا۔جون ۲۰۱۹ کے مہینوں کے بلوں میں شامل ایس این جی پی ایل نے سبسڈی کی رقم کو خارج کردیا اور تاخیر چارجز اور بقایاجات پر جرمانہ بھی شامل کیا۔

کمپنی نے دیگر زیرو-ریٹڈ صارفین کے ساتھ ایس این جی پی ایل کے اضافی چارجز کے خلاف عدالت عالیہ لاہور میں رٹ پٹیشن دائر کی اور مذکورہ معزز عدالت نے مورخہ ۰۹.۰۷.۲۰۱۹ کے حکم کے تحت ہدایت دی ہے کہ اگلی تاریخ سماعت ۳۰.۰۹.۲۰۱۹ تک گیس بل پر ۶.۵۰ امریکی ڈالر فی ایم ایم بی ٹی یو کی ادائیگی جاری رہے گی اور بقایاجات کی ادائیگی اور دیر سے ادائیگی سرچارج معطل رہے گا تاہم درخواست گزاروں کو ہدایت کی کہ بقایاجات کی رقم اور دیر سے ادائیگی کا ایس این جی پی ایل کو پوسٹ ڈیٹ چیک پیش کیا جائے۔معزز لاہور ہائیکورٹ کے حکم امتناعی کے باوجود جولائی اور اگست ۲۰۱۹ء کے مہینوں کے بل پر ۶.۵۰ امریکی ڈالر فی ایم ایم بی ٹی یو کے بجائے ۱۲.۰۰ امریکی ڈالر فی ایم ایم بی ٹی یو چارج کیا گیا۔ہمیں اپنے حتمی اور ایڈہاک بلوں کی تصحیح کے لئے ایس این جی پی ایل کو بار بار رجوع کرنا پڑتا ہے۔

ڈمپڈ درآمدات

مالی سال ۲۰۱۷ء میں وفاقی بورڈ برائے ریونیو نے PFY درآمد کرنے پر ۵ فیصد ریگولیٹری ڈیوٹی عائد کی تھی۔اور قومی ٹیرف کمیشن نے سال ۲۰۱۷ء میں چین اور ملائیشیاء سے درآمد ہونے والے PFY پر ۳.۲۵ فیصد سے ۱۱.۳۵ فیصد اینٹی ڈمپنگ ڈیوٹی عائد کی تھی۔تاہم چین کے سب سے بڑے مینوفیکچر یعنی ٹانگکن جو سب سے کم دام پر مال بیچتا ہے پر کم ترین شرح ۳.۲۵ فیصد اینٹی ڈمپنگ ڈیوٹی عائد کی۔یہ شرح ترکی اور ہندوستان کی عائد کردہ ڈیوٹی سے کہیں کم تھی جب کہ ہونے والا نقصان RD اور ADD کے مجموعی ازالے سے کہیں زیادہ تھا۔اینٹی ڈمپنگ ڈیوٹی صرف سفید PFY پر عائد کی گئی حالانکہ ہم رنگین اور Dope-Dyed دھاگہ بھی بناتے ہیں۔یہ انتباہ درآمد کنندگان کیلئے راستہ کھولتا ہے کہ سفید PFY منگوائیں مگر اسے Dope-Dyed ظاہر کریں اور ڈیوٹی بچالیں۔اس سے مقامی مینوفیکچرنگ صنعت جو کہ ۱۰،۰۰۰ سے زائد روزگار مہیا کرتی ہے کو بہت خطرہ لاحق ہے مزید برآں اینٹی ڈمپنگ ڈیوٹی صرف چین اور ملائشیاء سے درآمد ہونے والے PFY پر عائد ہوتی ہے جس

ہے۔ چونکہ ہماری مصنوعات کی سپلائی مقامی ہے لہذا ہمیں مقامی مارکیٹ میں ۱۷ فیصد بکری ٹیکس کے ساتھ مال فروخت کرنا ہوگا۔ مزید یہ کہ جولائی ۲۰۱۹ سے ہمارے بڑے خام مال کی مقامی خرید یا درآمد پر بھی اسٹینڈرڈ بکری ٹیکس عائد ہوگا اسی طرح بجلی اور گیس کے حصول پر اُسی شرح سے بکری ٹیکس لاگو ہوگیا ہے۔ ٹیکس قوانین میں اِن تبدیلیوں سے آپکی کمپنی کو ماہانہ بکری ٹیکس گوشواروں کے ساتھ ٹیکس واپسی (Refund) کی بجائے ہر ٹیکس دورانیہ میں بکری ٹیکس ادا کرنا ہوگا۔ مزید یہ کہ بکری ٹیکس ایکٹ مجریہ ۱۹۹۰ء کی شق ۸ بی کے تحت اگر Input ٹیکس ایڈجسٹمنٹ اُس ٹیکس دورانیہ میں Output ٹیکس کے ۹۰ فیصد سے زیادہ ہوگی تو وہ زائد رقم موجود ماہ میں ایڈجسٹ نہیں ہوگی اور اگلے ماہ میں منتقل ہوجائے گی۔ اِس طرح اگر اگلے بارہ ٹیکس دورانیوں میں بھی ایڈجسٹ نہ ہوسکے تو اس زائد رقم کی واپسی کلیم کی جائے گی۔ غرض کہ ایسی رقوم جمع ہوتی جائیں گی جس سے کمپنی کے نقد مائع کے بہاؤ میں رکاوٹ آئے گی۔

ہماری کارکردگی خوردہ اور مائکرو ٹیکسٹائل مینوفیکچروں سے بہت ہی جڑی ہوئی ہے اور ہمارے آخر صارفین کی طرف سے مانگ میں کمی ہماری آمدنی میں کمی کا سبب بنتی ہے۔ مزید برآں، افراط زر کے دباؤ اور بڑھتی ہوئی ایندھن اور توانائی کی لاگت ہماری مینوفیکچرنگ لاگت میں ایک بڑا جزو ہوتی ہے۔ کمپنی کے قلیل مدتی قرضوں کا انحصار شرح سُود پر ہے، جو اسے نقد بہاؤ کے خطرے اور سود کی شرح کے خطرے سے ظاہر کرتا ہے۔ بینک قرضوں پر شرح سُود میں انتہائی تیز اضافے نے مالی سال ۲۰۱۹ء میں کمپنی کی فنانس لاگتوں میں نمایاں اضافہ کیا۔

موجودہ حکومت نے معاشی عدم توازن سے نمٹنے کے لئے اقدامات کئے۔ تاہم زرمبادلہ کی شرح میں تخفیف جاری رہی، جولائی ۲۰۱۸ء اور جولائی ۲۰۱۹ء کے درمیان مجموعی طور پر ۲۹ فیصد کی کمی ہوئی۔ کرنسی کی گراوٹ کے نتیجے میں، پورا سال خام مال اور ایندھن کی قیمتوں میں زبردست اضافہ ہوتا رہا۔ اس رپورٹ کے اجراء کے وقت، افراط زر ۱۰.۳ فیصد تک پہنچ گیا، اس کا مطلب ہے کہ نیا مالی سال دوعدد افراط زر کے ساتھ شروع ہوا ہے۔ افراط زر کے زیادہ دباؤ کے پیشِ نظر، اسٹیٹ بینک آف پاکستان نے جولائی ۲۰۱۸ء کے بعد سے پالیسی کی مجموعی شرح ۵۷۵ بی پی ایس کے اضافہ سے ۱۳.۲۵ فیصد کردی ہے۔

پٹرولیم قیمتوں میں اضافے اور بجلی اور گیس کے نرخوں میں غیر معمولی اضافہ وہ اقدامات ہیں جو مہنگائی میں اضافے کا براہ راست ذمہ دار ہوسکتے ہیں۔ ٹیکس کے نئے اقدامات کا اثر صنعتی خام مال سمیت درآمدی Inputs کی قیمتوں میں اضافے کے علاوہ ہے، جو روپے میں گراوٹ کا نتیجہ ہے۔ پاکستان میں افراط زر تیل اور آر ایل این جی کی بین الاقوامی قیمت اور موجودہ زرمبادلہ کی شرح سے انتہائی حساس ہے کیونکہ تیل اور آر ایل این جی بجلی پیدا کرنے اور سامان اور خدمات کی گھریلو نقل و حمل میں ایک اہم جزو ہے۔

معاشی چیلنجز

استحکام کے مرحلے میں ہونے کے باوجود پاکستان کی معیشت کو بہت سارے چیلنجز کا سامنا کرنا پڑا ہے۔ اگرچہ بیرونی شعبہ خطرے سے دوچار ہے، لیکن ہمارا مالی استحکام مُبہم ہے اور افراط زر میں اضافہ ہوتا رہتا ہے۔ حکومت نے بین الاقوامی مالیاتی فنڈ کے ساتھ سپورٹ پیکج پر بات چیت کی، کچھ ایسی شرائط پر جیسے توانائی کی قیمتوں میں اضافے، ٹیکس کا نیٹ بڑھانا وغیرہ، جس سے صارفین پر براہ راست اثر پڑتا ہے۔

ٹیکسوں کا ڈھانچہ

حکومت کا مقصد ٹیکس پالیسی اور ٹیکس کے انتظام میں اصلاحات لانا ہے تاکہ ایسا ڈھانچہ لایا جائے جو حکومت کی ضروریات کو پورا کرنے کے لئے خاطر خواہ آمدنی پیدا کرے۔ ان اقدامات سے ممکنہ طور پر زیادہ ٹیکسوں کے بوجھ کو کم کیا جاسکتا ہے جو معاشی مراعات کو خراب کرتا ہے، انصاف کی بحالی اور منصفانہ ٹیکس کو لگانا اور

ممبران کے لئے ڈائریکٹرز کی رپورٹ

کمپنی کے ڈائریکٹران کی جانب سے ہم آپ کو انتالیسویں (۳۹ ویں) سالانہ اجلاس میں خوش آمدید کہتے ہیں اور کمپنی کی سالانہ رپورٹ اور پڑتال شدہ حسابات برائے سال مختتمہ ۳۰ جون ۲۰۱۹ء ہمراہ آڈیٹران کی رپورٹ کے پیش کرتے ہیں۔

مالیاتی نتائج

	---روپے ہزاروں میں---
۔قبل از ٹیکس منافع	۱۷۴،۳۰۲
۔ٹیکس	(۱۱۹،۳۲۷)
۔بعد از ٹیکس منافع	۵۴،۹۷۵

اختصاص اور منافع کا تقرف:

۔مجوزہ مختص کیش منافع منقسمہ بحساب ۱۰ فیصد	۳۴،۰۶۹
۔فی حصہ منافع (بنیادی اور مذید آمیزشدہ) روپے	۱.۶۱

مجموعی جائزہ

سال ۲۰۱۹ء میں کمپنی نے متعدد کامیابیاں حاصل کیں۔ پیداواری صلاحیت اور مُنفعت میں مستحکم ترقی کی خاطر میکرو معاشی خطوط پر ٹھوس اقدام اٹھائے گئے۔ ہمارا یہ وژن حکومت کی جانب سے ملک کے صنعتی اقتصادی حکمت عملی اور محصولاتی وسائل کو بہتر بنانے کے عزم پر مبنی تھا۔ ہم یہ بتاتے ہوئے فخر محسوس کر رہے ہیں کہ مالی سال ۲۰۱۹ء میں ہماری بکری آمدنی گذشتہ سال میں ٦ ارب روپے سے پچاس فیصد کے اضافے سے زائد از ۹ ارب روپے ہوگئی۔ تاہم کچھ حکمت عملیوں سے ہمارے صارفین کے کاروبار میں بالخصوص سال کے دوسرے نصف حصّے میں جمود رہا۔ تاجروں اور کپڑا بنانے والوں نے زیرو۔ ریٹنگ کے خاتمہ اور بکری ٹیکس عائد ہونے کے خلاف احتجاجًا ملک گیر ہڑتالیں کیں، زیرو۔ ریٹنگ سالہا سال سے اقتصادی حکمتِ عملی فریم ورک اور مقامی صنعت کے ٹیکس اسٹرکچر کی بنیاد رہا مگر فنانس ایکٹ ۲۰۱۹ء میں ہونے والی تبدیلیوں سے تمام ویلیو چین (Value chain) پر زیرو۔ ریٹنگ کی بجائے ۱۷ فیصد بکری ٹیکس عائد کر دیا گیا۔ درآمد کردہ پولیسٹر فلامنٹ دھاگے (پی ایف وائی) پر ریگولیٹری ڈیوٹی جو مِنی بجٹ میں ۵ فیصد سے گھٹا کر ۲.۵ فیصد کردی گئی۔ یہ بالآخر ۲۰۱۹ء کے بجٹ میں صفر کردی گئی۔ مزید یہ کہ غیر رجسٹرڈ سپلائرز سے مطلوب قومی شناختی کارڈ کی شرط تاجروں کیلئے تشویش کا باعث تھی۔ اِن پالیسی تبدیلیوں کے باعث کاروبار کرنا مشکل ہوگیا ہے۔ اور سَستی درآمد سے PFY اور PSF صنعت کو برابر سطح کا مسابقاتی میدان میسَّر نہیں رہا۔ اس طرح درآمد مال کی منڈی میں اضافے اور اسکی کارکردگی پر ہم مسلسل اظہارِ شکوہ کرتے آرہے ہیں۔

آپ کی کمپنی جو کہ پولیسٹر فلامنٹ یارن (PFY) اور پولیسٹر اسٹیپل فائبر (PSF) بناتی ہے سال ۲۰۱۱ سے SRO-۱۱۲۵(I)/۲۰۱۱ مورخہ ۳۱ دسمبر، ۲۰۱۱ کے تحت زیرو۔ ریٹنگ کے دائرہ میں آتی تھی۔ جس کے تحت ہماری بڑی Inputs اور Outputs بھی زیرو۔ ریٹڈ شمار ہوتی تھیں سوائے کچھ Inputs جیسے سٹور سامان پیکنگ میٹیریل جو عام بکری ٹیکس کی مد میں آتے تھے۔ اس طرح Inputs پر ادا شدہ ٹیکس پورا سال قابلِ واپسی مد میں جمع ہوتا رہتا تھا۔

نئی حکومت نے بجٹ ۲۰۱۹ء میں SRO-۱۱۲۵(I)/۲۰۱۱ مورخہ ۳۱ دسمبر، ۲۰۱۱ کو منسوخ کر دیا۔ نتیجتًا جولائی ۲۰۱۹ء سے مقامی سطح پر زیرو۔ ریٹنگ ختم ہوگئی

AITEX
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PLAZA EMILIO SALA, 1
03801 ALCOY (ALICANTE) ESPAÑA, SPAIN

OEKO-TEX®
CONFIDENCE IN TEXTILES

CERTIFICATE

The company

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

OEKO-TEX®
CONFIDENCE IN TEXTILES
STANDARD 100
2018OK1181 AITEX
Tested for harmful substances
www.oeko-tex.com/standard100

is granted authorisation according to STANDARD 100 by OEKO-TEX® to use the STANDARD 100 by OEKO-TEX® mark, based on our test report **2018OK1181**

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 2018OK1181 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 Ninth 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, 26 October 2019 at 10:00 a.m. to transact the following business:

Ordinary Business:

1) To confirm the minutes of Thirty Eighth Annual General Meeting of the Company held on 27 October 2018.

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 2019.

3) To approve payment of final cash dividend @ 10% i.e. Re.1.00 per share for the year ended 30 June 2019 as recommended by the Board.

4) To appoint Auditors of the Company for the year 2019-20 and to fix their remuneration. The retiring Auditors M/s. Qavi & Co., Chartered Accountants being eligible have offered themselves for reappointment.

Special Business:

5) (a) To approve transactions conducted with associated companies (related parties) for the year ended 30 June 2019 by passing the following special resolution:

"**RESOLVED THAT** the following transactions conducted with associated companies (related parties) for the year ended 30 June 2019 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	1,397,148	479,792	-
Rupali Nylon (Pvt.) Limited.	Purchase of goods and services	186	-	
Soneri Bank Limited	Profit on Bank deposits	-	-	2,250

(b) To authorize Chief Executive Officer of the Company to approve transactions with Related Parties for the year ending 30 June 2020 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 2020.

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

Other Business

6) 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
21 September 2019 Company Secretary

Notes:

1) Share transfer books of the Company will remain closed from 22 October 2019 to 26 October 2019 (both days inclusive) for determining the entitlement of dividend. This dividend will be paid to shareholders whose names shall be appearing in the Register of Members of the Company on 21 October 2019. 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 21 October 2019 will be treated in time for the purpose of above entitlement to the transferees.

2) 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.

3) 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) 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. 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 all future dividend warrants may be withheld.

5) 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, auditor's 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.

Company Secretary: shabbir.gilani@rupaligroup.com
THK Associates: aa@thk.com.pk

6) 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.

7) E-Dividend
In accordance with the provisions of Section 242 of the Companies Act, 2017, a listed company (if declares dividend) is required to pay cash dividend to the shareholders ONLY through electronic mode directly into the Bank Accounts designated by the entitled shareholders.

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 and sent 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.

8) Bank Mandate with International Bank Account Number (IBAN) for payment of Cash dividend

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, please provide us your 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 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.

9) Withholding Tax on Dividend

(i) The Government of Pakistan through Finance Act, 2019 has made certain amendments in withholding tax provisions by substituting the definition of "filers" with "Active Taxpayer List" (ATL) 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 persons appearing in Active Taxpayers List 15%
b) For persons not appearing in Active Taxpayers List 30%

All the shareholders whose names are not entered into the Active Taxpayers List (ATL) provided on the website of FBR, 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.

In case of Joint account, each holder is to be treated individually as having or not his/their name(s) on ATL of FBR 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.

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)

10) Transmission of Annual Financial Statements through CD/DVD/USB

SECP through an SRO No.470(I)/2016 dated 31 May 2016 has allowed companies to circulate their annual balance sheet, profit and loss account, auditors' report and directors' report (Annual Report) to the members through CD/DVD/USB at their registered addresses. In view of this the Company has sent its Annual Report to the shareholders in the form of CD. Any Member desiring the copy of Annual Report in printed form may send request on standard request form placed under the Investor Information sections in the website www.rupaligroup.com.

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) Availability of Audited Financial Statements on Company's Website

The audited financial statements of the Company for the year ended 30 June 2019 have been made available on the Company's website www.rupaligroup.com

13) Requirement of Companies (Postal Ballot) Regulations, 2018

Pursuant to Companies (Postal Ballot) Regulations, 2018, for any other agenda items subject to the requirements of Section 143 and 144 of the Companies Act, 2017, members present in person, through video-link or by proxy, and having not less than one-tenth of the total voting power can also demand a poll and exercise their right of vote through postal ballot, that is voting by post or through any electronic mode, in accordance with requirements and procedure contained in the aforesaid Regulations.

14) Unclaimed Dividends

As per the provision of Section 244 of the Companies Act, 2017, any shares issued or dividend declared by the Company which have remained unclaimed/unpaid for a period of three years from the date on which it was due and payable are required to deposited with the Commission for the credit of Federal Government after issuance of notices to the shareholders to file their claim. In this regards, a notice to shareholder was sent at their provided addresses and subsequently final notice was published in newspapers having nationwide circulation.

Shareholders are requested to ensure that their claims for unclaimed dividend and shares are lodged timely. In case, no claim is lodged with the Company in the given time, the Company shall proceed to deposit the unclaimed/unpaid amount and shares with the Federal Government pursuant to the provision of Section 244(2) of the Companies Act, 2017.

15) Deposit of Physical Shares into CDC Accounts

In accordance with the requirement of Section 72 of the Companies Act, 2017 every existing company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of this Act. The shareholders having physical shares may open CDC sub-account with any of the broker or investor account directly with CDC to place their physical shares into scrip-less form.

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 Ninth Annual General Meeting of Rupali Polyester Limited to be held on 26 October 2019.

Agenda Item No. 5 (a) – Transactions carried out with associated companies (related parties) during the year ended 30 June 2019 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 Rule 15 (1) of the Listed Companies (Code of Corporate Governance) Regulations, 2017 and Rule 5.6.19(b) of the PSX Regulations.

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. 5 (b) – Authorization to Chief Executive Officer for Related Party Transactions to be carried out with associated companies during the year ending 30 June 2020 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 2020 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 2020. 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 these resolutions to be extent of their common directorship and shareholding in the associated companies.

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 Meeting	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 / CD. The Company being, listed, also communicates its results to Pakistan Stock Exchange Limited.	Quarterly/Annual
Price Sensitive Information	The Company updates its shareholders about price sensitive information through Pakistan Stock Exchange Limited.	As and when required
Corporate Analyst Briefing	Briefing to shareholders and financial analysts about Company's performance, challenges progress on upcoming expansion and the future growth outlook, in line with the guidelines of the Pakistan Stock Exchange Limited.	As advised by the PSX vide Notice No. PSX/N-654 dated 23 May 2019

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 2019

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

1. The total number of directors are eight (8) as per the following:

   a. Male: 7
   b. Female: 1

2. The composition of board is as follows:

Category	Names
a) Independent Directors	Mr. Yaseen M. Sayani Mr. Sultan Ali Rajwany
b) Non-Executive Directors	Mr. Muhammad Rashid Zahir Mrs. Amyna Feerasta Mr. Shehzad Feerasta Mr. Zeeshan Feerasta
c) Executive Directors	Mr. Nooruddin Feerasta 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 Board from time to time.

9. The Board has arranged Directors' Training program as per the Regulations.

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. Yaseen M. Sayani	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.

For and on behalf of the Board of Directors

Nooruddin Feerasta
Chairman

Shehzad Feerasta
Director

Lahore: 21 September 2019

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 2019 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, 2019.

Lahore
Dated: 21 September 2019

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 30 June 2019, and the statement of profit or loss, statement of 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 30 June 2019, and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Sr. No.	Key Audit Matters	How the matters were addressed in our report
1	REVENUE RECOGNITION: As disclosed in note 28 of these annexed financial statements. During the current financial year, the Company has reported revenue of Rs. 9.054 billion that witness a 50% increase, as compared to last year. We identified revenue recognition as key audit matter because it is one of the key performance indicators of the Company, manifests an inherent risk and also exhibited significant increase.	Amongst others, following key audit procedures were performed: • Obtained an understanding of the company's processes and related internal controls for revenue recognition and on a sample basis, tested the effectiveness of those controls. • Considering the appropriateness of revenue recognition policy, including recognition and classification criteria for trade and other discounts and comparing it with the applicable accounting standards. • Assessed the management process for revenue recognition and also applied cut-off procedures to ensure that revenue recognition is in accordance with IFRS - 15. • Performed walkthrough tests over revenue process. • Performed test of details on a sample basis with underlying documents by inspecting and comparing customer orders, delivery challans, invoices and other related documents. Also matched/tallid sales invoices with sale tax returns.

Sr. No.	Key Audit Matters	How the matters were addressed in our report
		• Performed detailed analysis regarding first time application of IFRS – 15 "Revenue from contracts with customers" and evaluated its; a. impact on preparation of the annexed financial statements, and, b. relevance with the Company. • Reviewing the adequacy of disclosure as required under applicable financial reporting framework.
2	STOCK-IN- TRADE: As stated in note 10 of these annexed financial statements. The stock-in-trade has been valued at Rs: 873.093 million. Stock in trade formed a significant part of these financial statements as this involves significant estimates and judgements in determining net realisable value.	Amongst others, following key audit procedures were performed: • Attended and observed physical inventory count to ascertain the condition and existence of inventories. • Tested the effectiveness of Company's controls over inventory valuation and its consumption. • Reviewed the management estimates regarding future prices to ascertain net realisable value (NRV) of finished goods and cross matched these with post-yearend selling prices. • Tested reasonableness of NRV calculations to ascertain that inventories are not overstated and are being measured at lower of; a. cost or b. net realisable value. • Inspected management inventory reports to ascertain the cost of inventories and cross matched these on a sample basis with underlying invoices and traced the same in bank statements. • Reviewed the adequacy of disclosure as required under applicable financial reporting framework.

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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

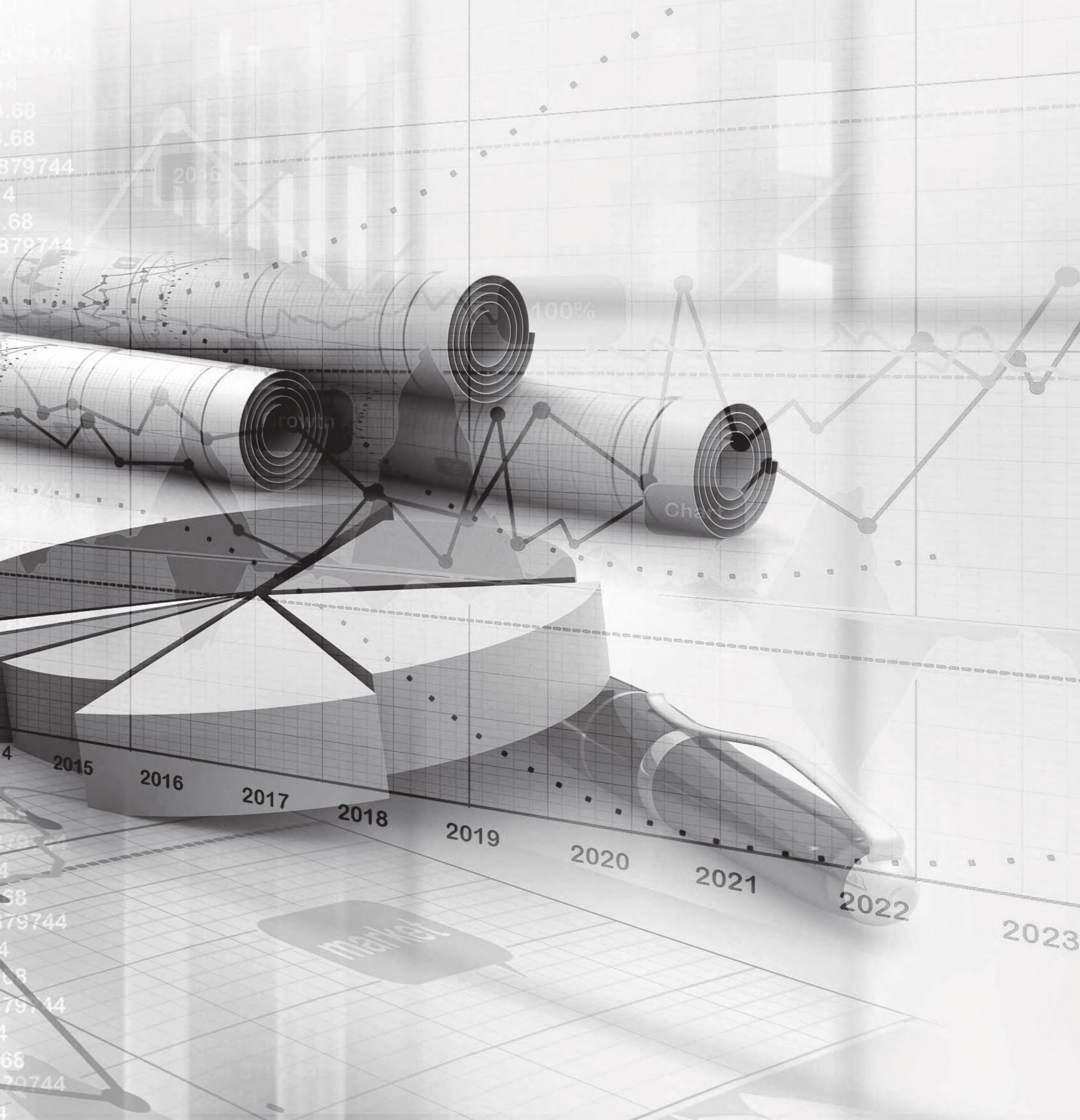
The engagement partner on the audit resulting in this independent auditor's report is **Syed Saim Raza Zaidi.**

Lahore
Dated: 21 September 2019

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

Audited Financial Statements

for the year ended 30 June 2019



Statement of Financial Position

as at 30 June 2019

Rupees in thousand	Note	2019	2018
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	3,295,511	3,201,449
Investment property	7	462,500	437,500
Long-term deposits	8	4,396	4,396
		3,762,407	3,643,345
CURRENT ASSETS			
Stores, spares and loose tools	9	873,121	879,235
Stock-in-trade	10	873,093	824,593
Trade debts	11	73,362	12,698
Loans and advances	12	13,571	24,039
Trade deposits and short-term prepayments	13	265	265
Other receivables	14	342,546	365,813
Taxation - net	15	43,842	131,274
Cash and bank balances	16	32,388	14,482
		2,252,188	2,252,399
		6,014,595	5,895,744
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
35,000,000 (2018: 35,000,000) ordinary shares of Rs. 10 each		350,000	350,000
Issued, subscribed and paid-up capital	17	340,685	340,685
Reserves	18	359,557	341,886
Surplus on revaluation of freehold land	19	1,719,056	1,719,056
		2,419,298	2,401,627
		2,419,298	2,401,627
NON-CURRENT LIABILITIES			
Long-term financing	20	94,370	143,179
Staff retirement benefits	21	165,594	152,458
Deferred taxation	22	279,723	257,962
Liabilities against assets subject to finance lease	23	–	985
		539,687	554,584
CURRENT LIABILITIES			
Trade and other payables	24	1,345,791	690,140
Short-term borrowings	25	1,564,985	2,146,943
Accrued mark-up		47,971	28,558
Unclaimed dividend		1,509	1,111
Current portion of long-term borrowings	26	95,354	72,781
		3,055,610	2,939,533
CONTINGENCIES AND COMMITMENTS	27		
		6,014,595	5,895,744

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

Nooruddin Feerasta Chief Executive Officer	Shehzad Feerasta Director	Amjad Rahil Chief Financial Officer

Statement of Profit or Loss
for the year ended 30 June 2019

Rupees in thousand	Note	2019	2018
Sales	28	9,053,741	6,044,111
Cost of sales	29	(8,562,629)	(5,680,917)
Gross profit		491,112	363,194
Selling and distribution expenses	30	(24,368)	(17,632)
Administrative and general expenses	31	(166,407)	(162,885)
Other expenses	32	(22,168)	(33,638)
Other income	33	64,494	85,649
Operating profit		342,664	234,689
Finance cost	34	(168,362)	(118,867)
Profit before taxation		174,302	115,822
Provision for taxation	35	(119,327)	(51,269)
Profit after taxation		54,975	64,553

(Rupees)			
Earnings per share - basic and diluted	36	1.61	1.89

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

The annexed notes 1 to 44 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 2019

Rupees in thousand	2019	2018
Profit after taxation	54,975	64,553
Other comprehensive income		
Items that will not be reclassified to statement of profit or loss:		
- Remeasurement loss on defined benefit obligation	(4,558)	–
- Deferred tax credit relating to remeasurement of defined benefit obligation”	1,322	–
Items that may be reclassified subsequently to statement of profit or loss:		
- Surplus on revaluation of freehold land	–	–
Other comprehensive loss for the year	(3,236)	–
Total comprehensive income	51,739	64,553

The annexed notes 1 to 44 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 2019

Rupees in thousand	Note	2019	2018
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	37	1,081,343	196,365
Finance costs paid		(148,949)	(117,596)
Income tax paid		(8,812)	(12,265)
Staff retirement benefits paid		(17,180)	(11,498)
Net cash inflow from operating activities		906,402	55,006
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure		(251,950)	(380,126)
Proceeds from disposal of property, plant and equipment		3,735	–
Profit / Mark-up received		2,547	919
Net cash outflow from investing activities		(245,668)	(379,207)
CASH FLOW FROM FINANCING ACTIVITIES			
Long-term financing		(48,809)	(40,700)
Liabilities against assets subject to finance lease		21,586	9,192
Dividend paid		(33,670)	–
Net cash outflow from financing activities		(60,893)	(31,508)
Net decrease in cash and cash equivalents		599,841	(355,709)
Cash and cash equivalents at the beginning of the year		(2,132,461)	(1,776,880)
Effect of exchange rate fluctuations		23	128
Cash and cash equivalents at the end of the year		(1,532,597)	(2,132,461)
Cash and cash equivalents			
Cash and bank balances	16	32,388	14,482
Short-term borrowings	25	(1,564,985)	(2,146,943)
		(1,532,597)	(2,132,461)

The annexed notes 1 to 44 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 2019

(Rupees '000)

	Issued, subscribed and paid-up capital	Capital Reserves	Revenue Reserves		Surplus on revaluation of freehold land	Total
		Share premium (note-17)	General reserve	Accumulated Loss		
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 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
Balance as on 01 July 2018	340,685	71,490	1,664,125	(1,393,729)	1,719,056	2,401,627
Total Comprehensive income						
- Profit for the year ended 30 June 2019	–	–	–	54,975	–	54,975
- Other comprehensive income for the year ended 30 June 2019				(3,236)		(3,236)
- Dividend paid	–	–	–	(34,068)	–	(34,068)
	–	–	–	17,671	–	17,671
Balance as on 30 June 2019	340,685	71,490	1,664,125	(1,376,058)	1,719,056	2,419,298

The annexed notes 1 to 44 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 2019

1 Legal status and nature of business

RUPALI POLYESTER LIMITED ("the Company") was incorporated in Pakistan on 24 May 1980 as a Public Limited Company and is quoted on the Pakistan Stock Exchange Limited. The registered office of the Company is situated at 241-242 Upper Mall Scheme, Anand Road, Lahore. The production plant is situated at 30.2 KM Lahore - Sheikhupura Road, Sheikhupura. The regional office is situated at 101 -105 1st floor, Gul Tower, I.I Chundrigar Road, Karachi. 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 121.73 as at 30 June 2018 to PKR 163.76 as at 30 June 2019;

b) During the year, the Company has made significant investments in non current assets to enhance production facilities.

c) For further disclosure about the Company's performance please refer to the directors' 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 except freehold land and staff retirement benefits.

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

4.1 Amendments to approved accounting standards and interpretations which are effective for the current year

The Company has adopted the following accounting standards, the amendments and interpretations of IFRSs which became effective for the current year:

IFRS - 2	Share based payments
IFRS - 4	Insurance contracts
IFRS - 9	Financial instruments
IFRS -15	Revenue from Contracts with Customers
IAS - 40	Investment Property: Transfers of Investment Property (Amendments)
IFRIC - 22	Foreign Currency Transactions and Advance Consideration

Notes to the Financial Statements
for the year ended 30 June 2019

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on the financial statements except for IFRS 9 - “Financial Instruments” and IFRS 15 “ Revenue from contracts with customers”. The impact of the adoption of these standards is given below:

IFRS - 15 “ Revenue from contracts with customers”
IFRS 15 supersedes IAS 11 - “Construction Contracts”, IAS 18 - “Revenue” and related Interpretations and it applies to all revenue arising from contracts with customers, unless these contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Company elected the modified retrospective method and applied the standard retrospectively to only the most current period presented in the financial statements. Accordingly, the information presented for the previous corresponding period has not been restated.

The Company generates its revenue from sale of goods. The Company’s contracts with customers for the sale of goods generally include one performance obligation. The Company has concluded that revenue from sale of goods should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Therefore, the adoption of IFRS 15 did not have an impact on the timing of revenue recognition and the amount of revenue recognised.

In general, the contracts for the sale of goods do not provide customers with a right of return and volume rebates. Accordingly, the application of the constraint on variable consideration did not have any impact on the revenue recognised by the Company.

IFRS - 9 “Financial Instrument”
IFRS - 9 “Financial Instruments” replaces IAS - 39 “Financial Instruments: Recognition and Measurement”.

Classification and measurement
Except for certain trade receivables, under IFRS 9, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not measured at fair value through profit or loss, transaction costs.

Under IFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Company’s business model for managing the assets; and whether the instruments’ contractual cash flows represent ‘solely payments of principal and interest’ on the principal amount outstanding (the ‘SPPI criterion’)

At transition date to IFRS 9, the Company has financial assets measured at amortised cost and equity instruments at FVOCI. The new classification and measurement of the Company’s financial assets are, as follows:

a) ‘Debt instruments’ at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion.

Notes to the Financial Statements
for the year ended 30 June 2019

b)'Equity instruments' at FVOCI, with no recycling of gains or losses to profit or loss on derecognition.

This category only includes equity instruments, which the Company intends to hold for the foreseeable future and which the Company has irrevocably elected to classify upon initial recognition or transition. The Company classified its unquoted equity instruments as equity instruments at FVOCI. Equity instruments at FVOCI are not subject to an impairment assessment under IFRS 9. Under IAS 39, the Company's unquoted equity instruments were classified as available for sale financial assets.

The accounting for the Company's financial liabilities remains largely the same as it was under IAS 39. Accordingly, the adoption of IFRS 9 has no significant effect on the Company's accounting policies related to financial liabilities.

Impairment

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Company to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL.

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

For trade and other receivables, the Company has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. The adoption of the ECL requirements of IFRS 9 did not result in any difference in the existing impairment allowances of the Company's debt financial assets.

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

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standards or interpretations		Effective date (annual periods beginning on or after)
IFRS 3	Business Combinations - Definition of a Business (Amendments)	01 January 2020
IFRS 3	Business Combinations - Previously held interests in a joint operation	01 January 2019
IFRS 9	Financial Instruments - Prepayment Features with Negative Compensation (Amendments)	01 January 2019

Notes to the Financial Statements
for the year ended 30 June 2019

Standards or interpretations		Effective date (annual periods beginning on or after)
IFRS 11	Joint Arrangements: Previously held interests in a joint operation	01 January 2019
IFRS 16	Leases	01 January 2019
IAS 1/ IAS 8	Definition of Material (Amendments)	01 January 2020
IAS 12	Income Taxes: Income tax consequences of payments on financial instruments classified as equity	01 January 2019
IAS 19	Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
IAS 23	Borrowing Costs - Borrowing costs eligible for capitalisation	01 January 2019
IAS 28	Long-term Interests in Associates and Joint Ventures (Amendments)	01 January 2019
IFRIC 23	Uncertainty over Income Tax Treatments	01 January 2019

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 4.1 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 6, 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 shareholder's 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

Notes to the Financial Statements
for the year ended 30 June 2019

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.

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 - Level 3 input) 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.

Notes to the Financial Statements
for the year ended 30 June 2019

5.4 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial Assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into following categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Notes to the Financial Statements
for the year ended 30 June 2019

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the criteria of IFRS 9.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company elected to classify irrevocably its non-listed equity investments under this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Not with standing the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when the asset's rights to receive cash flows have expired or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

(a) the Company has transferred substantially all the risks and rewards of the asset, or

(b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership

Notes to the Financial Statements
for the year ended 30 June 2019

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment."

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method (effective interest rate method). Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation activity.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis.

Revenue from contracts with customers

The Company is in the business of sale of goods i.e Polyester products. Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods.

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 to 90 days upon delivery

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., right of returns, volume rebates). In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, non cash consideration, and consideration payable to the customer (if any).

Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of chemicals provide customers with a right of return and volume rebates. The rights of return and volume rebates give rise to variable consideration. Contracts with the Company's customers provide them with a right of return, price adjustments and volume rebates and are considered as variable consideration.

Rights of return

Certain contracts provide a customer with a right to return the goods within a specified period. The Company uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Company will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Company recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

Volume rebates

The Company provides retrospective volume rebates (discounts) to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Company applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Company then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

Assets and liabilities arising from rights of return

Right of return assets

Right of return asset represents the Company's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Company updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer.

The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to above accounting policy on variable consideration.

Cost to obtain a contract

The Company pays sales commission to its sales agents for certain contracts. The Company has elected to apply the optional practical expedient for costs to obtain a contract which allows the Company to immediately expense sales commissions because the amortisation period of the asset that the Company otherwise would have used is one year or less.

Accounts receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due).

Performance obligations

The performance obligation is satisfied when the physical possession of the goods has passed to the customers for local sales whereas for export sales, performance obligation is satisfied when the risk and rewards in respect of the goods are transferred to the customer. Payment is generally received in advance or, if due, within 30 days from delivery.

Profit on bank deposit

Profit on bank deposit is accounted for using effective interest rate method.

Dividend income

Divided income is recognised when the right to receive dividend is established

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.

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 2019

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.

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 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.

5.17 Transaction with related party

All transactions with related parties are entered into at arm’s length basis as disclosed in note 40 (as defined in Companies Act, 2017)

5.18 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.

		Note	2019	2018
6	Property, plant and equipment		(Rupees '000)	(Rupees '000)
	Operating fixed assets	6.1	3,231,491	2,967,430
	Capital work -in- progress	6.3	64,020	234,019
			3,295,511	3,201,449

Rupees in thousand

6.1 Operating fixed assets	Owned Assets											Assets subject to finance lease		
		Building												
	Freehold Land	Factory on freehold land	Office on freehold land	Office on leased land	Roads	Plant & machinery	Furniture & fittings	Vehicles	Office equipment	Other assets	Sub-total	Vehicles	Sub-total	Total
Net carrying value basis														
Year ended 30 June 2019														
Opening net book value (NBV)	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
Additions (at cost)	–	48,852	–	12,280	333	350,026	24	5,497	4,937	–	421,949	–	–	421,949
Transfers						(2,973)					(2,973)			(2,973)
Disposals / write offs:														
- Cost	–	–	–	–	–	–	–	(1,189)	(30)	–	(1,219)	–	–	(1,219)
- Accumulated depreciation	–	–	–	–	–	–	–	1,167	4	–	1,171	–	–	1,171
	–	–	–	–	–	–	–	(22)	(26)	–	(48)	–	–	(48)
Depreciation Charge	–	(7,100)	(647)	(6,683)	(88)	(130,987)	(822)	(4,835)	(2,613)	(223)	(153,998)	(869)	(869)	(154,867)
Closing net book value (NBV)	1,446,840	103,008	12,305	138,238	1,869	1,466,782	7,416	22,476	27,071	2,009	3,228,014	3,477	3,477	3,231,491
Gross carrying value basis	–	–	–	–	–	–	–	–	–	–	–	–	–	–
As at 30 June 2019														
Cost	1,446,840	297,199	25,418	233,988	5,545	3,963,222	30,482	48,632	89,751	7,344	6,148,421	6,456	6,456	6,154,877
Accumulated depreciation	–	(194,191)	(13,113)	(95,750)	(3,676)	(2,496,440)	(23,066)	(26,156)	(62,680)	(5,335)	(2,920,407)	(2,979)	(2,979)	(2,923,386)
Net book value (NBV)	1,446,840	103,008	12,305	138,238	1,869	1,466,782	7,416	22,476	27,071	2,009	3,228,014	3,477	3,477	3,231,491
Depreciation rate p.a. (%)	–	10	5	5	5	10	10	20	10	10	–	20	–	–
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
Additions (at cost)	–	1,393	–	–	103	150,721	16	–	1,751	95	154,079	–	–	154,079
Surplus on revaluation	–	–	–	–	–	–	–	–	–	–	–	–	–	
Disposals / write offs:														
- Cost	–	–	–	–	–	–	–	–	–	–	–	–	–	–
- Accumulated depreciation	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Depreciation Charge	–	(6,746)	(682)	(6,980)	(85)	(125,198)	(912)	(5,724)	(2,639)	(244)	(149,210)	(820)	(820)	(150,030)
Closing net book value (NBV)	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														
Cost	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
Accumulated depreciation	–	(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)
Net book value (NBV)	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
Depreciation rate p.a. (%)	–	10	5	5	5	10	10	20	10	10	-	20	-	-

6.2 The depreciation charge has been allocated as follows:

	Note	2019	2018
		(Rupees '000)	(Rupees '000)
Cost of sales	29	138,398	132,273
Selling and distribution expenses	30	823	888
Administrative and general expenses	31	15,646	16,869
		154,867	150,030

Notes to the Financial Statements
as at 30 June 2019

(Rupees in thousand)		2019	2018
6.3	**Capital work-in-progress**		
	Civil works	4,085	37,338
	Plant and machinery	53,303	191,184
	Vehicles	47	2
	Office equipment	2,776	2,594
	Furniture and fixture	3,809	2,901
		64,020	234,019

6.4 Particulars of immoveable assets the Company are as follows

Location	Address	Usage of property	Total area (sq.ft)
Lahore	241-242 Upper Mall Scheme, Anand Road	Head office	54,994
Lahore	Property Number S.42 - R/3/1 Race Couse Road	Investment property	27,225
Sheikhupura	30.2 KM Lahore - Sheikhupura Road	Production plant	5,249,524

(Rupees in thousand)	Note	2019	2018
7 Investment property			
Fair value at the beginning of the year		437,500	400,000
Fair value gain during the year	7.1	25,000	37,500
Fair value at the end of the year		462,500	437,500

7.1 The fair value of investment property was determined at 30 June 2019 by an independent valuer having relevant professional qualifications. The fair value was determined on the basis of professional assessment of the price that would be received to sell the property in an orderly transaction between market participants at the measurement date, in accordance with level 3 input of IFRS 13. The forced sale value as at 30 June 2019 amounts to Rs. 397.375 million. (2018 : Rs. 371.875 million)

		2019	2018
8 Long-term deposits			
Security deposits		4,396	4,396
		4,396	4,396
9 Stores, spares and loose tools			
Stores -			
- In hand		127,907	106,581
Spares -			
- In hand		727,117	764,812
- In transit		11,321	1,245
		738,438	766,057
Loose tools -			
- In hand		6,776	6,597
		873,121	879,235

Notes to the Financial Statements
as at 30 June 2019

(Rupees in thousand)	Note	2019	2018
10 Stock-in-trade			
Raw and packing materials -			
- In hand		258,223	456,789
- In transit		–	77,588
		258,223	534,377
Work-in-process		67,261	45,180
Finished goods	10.1	547,609	245,036
		873,093	824,593

10.1 Finished goods of Rs. 300.614 million (2018: Rs. 0.635 million) are being carried at net realisable value and an amount of Rs. 5.554 million (2018: Rs. 0.740 million) has been charged to cost of sales.

(Rupees in thousand)	Note	2019	2018
11 Trade debts			
Considered good - Unsecured		73,362	12,698
		73,362	12,698

11.1 No allowance for expected credit loss has been recognised in these financial statements in respect of trade debts.

(Rupees in thousand)	Note	2019	2018
12 Loans and advances - Considered good			
Loans due from Non-Executives	12.1	2,036	2,034
Advances due from -			
- Staff against expenses		304	324
- Suppliers and contractors		11,285	21,735
		11,589	22,059
Allowance for ECL relating to loan and advances due from non executive		(54)	(54)
		13,571	24,039

12.1 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. Therefore, all of the amount is recoverable within 1 year as of reporting date. These loans carry mark-up at the rate of 14.00% (2018: 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. 2.441 million (2018: Rs. 2.638 million). The chief executive officer and directors have not taken any loan or advance from the Company.

Notes to the Financial Statements
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(Rupees in thousand)	Note	2019	2018
13 Trade deposits and short-term prepayments			
Deposits - Considered good			
Margin on bank guarantees		265	265
		265	265
14 Other Receivables			
Considered good			
Due from related parties	14.1	41,941	41,958
Insurance claim receivable		–	15
Sales tax refundable		281,857	304,500
Others		3,744	2,641
		327,542	349,114
Considered doubtful			
Sales tax refundable	14.4	26,805	28,497
Others		15,004	15,007
Allowance for ECL on other receivables		(26,805)	(26,805)
		342,546	365,813

14.1 Maximum amount due from associated companies at the end of any month during the year was Rs. 46.870 million (2018: Rs. 41.577 million). The amount due from associated companies are in the normal course of business and are interest free.

14.2 Other receivables due from related parties, which are neither past nor impaired, includes the following:

	2019	2018
Spintex Limited	41,910	41,910
Rupafil Limited	–	17
Rupafil PowerGen (Pvt.) Limited	31	31
	41,941	41,958

14.3 The aging analysis of other receivable due from associated companies is as follows:

	2019	2018
Upto 1 month	–	448
1 to 6 months	1,696	–
More than 6 months	40,245	41,510
	41,941	41,958

14.4 This includes, among others an amount of Rs. 24.204 million (2018: 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.

Notes to the Financial Statements
as at 30 June 2019

(Rupees in thousand)	Note	2019	2018
15 Taxation - net			
Opening balance		131,274	179,754
Tax payments / adjustments during the year - net of refund		8,238	11,999
		139,512	191,753
Provision for taxation	35	(95,670)	(60,479)
		43,842	131,274

The income tax assessment of the company has been finalized up to Tax Year 2018 (accounting year ended 30 June 2018). Return for the tax year 2018 has been duly filed.

(Rupees in thousand)	Note	2019	2018
16 Cash and bank balances			
Balance with banks			
- Current accounts		24,869	9,881
- PLS Accounts			
- Local currency	16.1	7,329	219
- Foreign currency	16.2	30	22
		32,228	10,122
Cash in hand			
- Local currency		81	3,896
- Foreign currency		79	464
		160	4,360
		32,388	14,482

16.1 The balances in PLS accounts carry mark-up rate ranging between 4.00% to 10.25% (2018: 3.40% to 6.30%) for local currency and nil (2018: nil) for foreign currency.

16.2 Cash at banks in PLS accounts include US $ 181.12 (2018: US $ 181.12).

17 Issued, subscribed and paid-up capital

2019 Ordinary shares of Rs. 10 each	2018 Ordinary shares of Rs. 10 each		2019	2018
9,690,900	9,690,900	- Shares allotted for consideration paid in cash	96,909	96,909
19,933,895	19,933,895	- Shares issued against non-repatriable investment	199,339	199,339
4,443,719	4,443,719	- Shares allotted as bonus shares	44,437	44,437
34,068,514	34,068,514		340,685	340,685

17.1 The controlling shareholders of the Company have a right of first refusal in the event that Company divest shares and all the shareholders rights are in accordance with the Companies Act, 2017. The latest election of directors was held in 2018 and the number of notices received U/S 159(4) of Companies Act, 2017 to contest election as director was not more then the number as fixed U/S 159(1) of Companies Act, 2017. Hence no voting took place.

Notes to the Financial Statements
as at 30 June 2019

(Rupees in thousand)	Note	2019	2018
18 Reserves			
Capital reserve			
- Share premium	18.1	71,490	71,490
Revenue reserves			
- General reserve		1,664,125	1,664,125
-Dividend paid		(34,068)	–
- Accumulated loss		(1,341,990)	(1,393,729)
		288,067	270,396
		359,557	341,886

18.1 This reserve can be utilised by the Company only for the purpose specified in section 81 of the Companies Act, 2017.

18.2 Shares held by related parties of the Company

Name of share holders	2019	2018
	Number of shares	
Mr. Nooruddin Feerasta	500	500
Mr. Muhammad Rashid Zahir	500	500
Mrs. Amyna Feerasta	500	500
Mr. Yaseen M. Sayani	939,833	472,022
Mr. Sultan Ali Rajwany	21,345	21,345
Mr. Shehzad Feerasta	490	490
Mr. Zeeshan Feerasta	10	10
Mr. Abdul Hayee	1,150	1,150
Feerasta Senior Trust	17,859,290	12,179,991

19 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 Sheikhupura 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 kanal.

19.1 This surplus includes Rs. 293.388 million that relate to revaluation of a land, which was subsequently classified as Investment Property. The remaining surplus of Rs.1,425.688 million relate to free hold owner occupied land. Had this freehold land not been revalued, the caring amount of the land would have been Rs. 21.172 million.

(Rupees in thousand)	Note	2019	2018
20 Long-term financing			
From banking companies - secured			
- Utilized under mark-up arrangement	20.1	188,739	214,769
Current portion shown under current liabilities	26	(94,369)	(71,590)
Non-current portion		94,370	143,179

Notes to the Financial Statements
as at 30 June 2019

20.1 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 plant and machinery and land aggregating to Rs. 967 million. It carries a mark- up at a rate of 6 month KIBOR + 0.5% to be reset on biannual basis. The loan was repayable in 10 half yearly instalments and four instalments are outstanding as at reporting date.

21 Staff retirement benefits

21.1 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 2019, using the Projected Unit Credit Method.

21.1.1 Principal actuarial assumptions

Following are a few important actuarial assumptions used in valuation:

	2019	2018
Discount rate (%) per annum	12.5	7.25
Expected rate of salary increase in future years (%) per annum	11.5	6.25
Average expected remaining working life time of employees (years)	6	7
Average duration of liability (years)	5	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 insuffinciency 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 2019

(Rupees in thousand)	Note	2019	2018
21.1.2 The amount recognised in the balance sheet			
Present value of defined benefit obligation	21.1.3	165,594	152,458
Less: fair value of plan assets		–	–
Defined benefit liability at the end of the year		165,594	152,458
21.1.3 Reconciliation of present value of defined benefit obligation			
Present value at the beginning of the year		152,458	138,587
Charge for the year - Profit and loss account	21.1.4	25,758	25,369
Charge for the year - Other comprehensive income	21.1.5	4,558	–
Benefits paid during the year		(17,180)	(11,498)
Present value at the end of the year		165,594	152,458
21.1.4 Amount chargeable to profit or loss for the year			
Current service cost		15,328	15,946
Net interest cost		10,430	9,423
		25,758	25,369
21.1.5 Remeasurement of net defined benefit liability			
Actuarial losses due to changes in demographic assumptions		–	–
Actuarial losses due to experience assumptions		4,558	–
		4,558	–
21.1.6 Charge for the year has been allocated as follows:			
Cost of sales	29	15,328	16,647
Selling and distribution expenses	30	522	436
Administrative and general expenses	31	9,909	8,286
		25,759	25,369

21.1.7 Sensitivity analysis

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	156,858	175,540
Present value in case of future salary growth	175,540	156,710

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.

21.2 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.

Notes to the Financial Statements
as at 30 June 2019

21.2.1 The Trustees have intimated that the size of the Fund at the year end was Rs. 27.085 million (2018: Rs. 25.662 million)

21.2.2 As intimated by the Trustees, the cost of investments made at the year end was Rs. 27.050 million (2018 Rs. 25.287 million), 99.87% of the total fund size (2018: 98.54%). Since the aforementioned funds are invested in PLS accounts therefore, the fair value of the investments equals its cost.

21.2.3 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	2019	2018
22 Deferred taxation - net			
Deferred tax liability on taxable temporary differences			
- Accelerated tax depreciation allowance		281,331	258,592
Deferred tax asset on deductible temporary differences			
- Defined benefit obligation		(1,322)	–
- Liabilities against assets subject to finance lease		(286)	(630)
		279,723	257,962

22.1 Deferred tax has been computed at a rate of 29% , enacted tax rate in accordance with Income Tax Ordinance, 2001 and Finance Act, 2019. The Company has unutilized tax losses of Rs: 1.614 million on which no deferred tax asset has been recognised in these financial statements.

(Rupees in thousand)	Note	2019	2018
23 Liabilities against assets subject to finance lease			
Minimum lease payments			
- payable within one year		1,020	1,313
- payable after one year but before five years		–	1,020
		1,020	2,333
Future financial charges			
- payable within one year		35	122
- payable after one year but before five years		–	35
		35	157
Present value of minimum lease payments			
- payable within one year		985	1,191
- payable after one year but before five years		–	985
		985	2,176
Current portion shown under current liabilities	26	(985)	(1,191)
Non-current portion		–	985

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

Notes to the Financial Statements

for the year ended 30 June 2019

(Rupees in thousand)	Note	2019	2018
24 Trade and other payables			
Creditors		1,174,450	588,082
Accrued liabilities		124,542	73,210
Advances from customers		5,849	8,261
Retention money		2,262	2,322
Payable to provident fund		614	338
Income tax deducted at source		599	201
Workers' profit participation fund	24.1	18,086	13,731
Workers' welfare fund	24.2	1,465	2,415
Other payables		17,924	1,580
		1,345,791	690,140
24.1 Workers' profit participation fund			
Balance at the beginning of the year		13,731	7,508
Add: Allocation for the year		9,275	6,223
Less: Amount paid to the trustees of the fund		(4,920)	–
Balance at the end of the year		18,086	13,731
24.2 Workers' welfare fund			
Balance at the beginning of the year		2,415	–
Add: Charge for the year		1,893	2,415
Less: Amount paid		(2,843)	–
Balance at the end of the year		1,465	2,415
25 Short-term borrowings			
From banking companies - secured			
Running finances under mark-up arrangements from banks	25.1 & 25.2	1,201,027	1,557,985
From related party - unsecured			
Interest free loan	25.3	363,958	588,958
		1,564,985	2,146,943

25.1 The aggregate finance facilities available from various commercial banks amounted to Rs. 1,681.242 million (2018: Rs. 1,681.242 million). These carry mark-up at the rates ranging from 6.93% to 13.29% (2018: 6.54% to 8.30%) p.a. and are secured against hypothecation charge on current assets of Rs. 2,089.265 million (2018: Rs. 2,089.265 million) and promissory notes of Rs. 1,798.729 million (2018: Rs. 1,690.100 million) respectively. Maximum amount utilised during the year ended 30 June 2019 amounted to Rs.1,601.389 million (2018: Rs. 1,570.010 million).

25.2 The facilities for opening letter of credit from various commercial banks as at 30 June 2019 aggregates to Rs. 2,150.000 million (2018: Rs. 1,914.060 million) of which the amount remained unutilised at the year-end was Rs. 615.409 million (2018: Rs. 1,344.651 million).

25.3 The Company availed interest free and unsecured loan from Alnu Trust holding 26.17% (2018: 17.83%) of the total share capital of the Company. During the year, none of the loan has been obtained (2018: Rs. 318.958 million) and Rs. 255.00 million (2018: Rs. 70 million) has been repaid. Maximum amount utilised during the year ended 30 June 2019 amounted to Rs. 588.958 million (2018: Rs. 627.958 million). The loan is repayable on demand by the trust.

Notes to the Financial Statements
for the year ended 30 June 2019

(Rupees in thousand)	Note	2019	2018
26 Current portion of long-term borrowings			
Long-term financing	20	94,369	71,590
Liabilities against assets subject to finance lease	23	985	1,191
		95,354	72,781

27 Contingencies and commitments

27.1 Contingencies:

27.1.1 Guarantees issued to different organizations in the normal course of business amounted to Rs. 82.459 million (2018: Rs. 75.314 million).

27.1.2 No outstanding guarantees were given on behalf of related parties as at 30 June 2019 and 2018.

27.1.3 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 of the view that no amount would be payable in respect of these cases.

27.2 Commitments:

27.2.1 Contracts for capital expenditure commitments outstanding as at 30 June 2019 amounted to Rs. 182.235 million (2018: Rs.349.386 million).

27.2.2 Commitments against irrevocable letters of credit as at 30 June 2019 amounted to Rs. 1,535.000 million (2018: Rs. 579.409 million).

(Rupees in thousand)	2019	2018
28 Sales		
Gross sales - local	9,126,957	6,070,383
Less:		
- Commission / discount	(37,829)	(23,992)
- Sales tax	(35,387)	(2,280)
	(73,216)	(26,272)
	9,053,741	6,044,111

Notes to the Financial Statements
for the year ended 30 June 2019

(Rupees in thousand)	Note	2019	2018
29 Cost of sales			
Raw and packing materials consumed		7,388,148	4,457,057
Stores and spares consumed		86,829	67,343
Salaries, wages and amenities	29.1	327,029	290,662
Fuel and power		873,252	616,132
Repair and maintenance		35,687	26,019
Running and maintenance of vehicles		18,372	16,735
Insurance		16,414	16,920
Depreciation	6.2	138,398	132,273
Rent, rates and taxes		2,136	2,058
Other expenses		1,018	1,539
Manufacturing cost		8,887,283	5,626,738
Add: Opening Work-in-Process		45,180	29,981
Less: Closing Work-in-Process		(67,261)	(45,180)
Cost of goods manufactured		8,865,202	5,611,539
Add: Opening Finished Goods		245,036	314,414
Less: Closing Finished Goods		(547,609)	(245,036)
		8,562,629	5,680,917

29.1 Salaries, wages and amenities include Rs. 15.328 million (2018: Rs. 16.647 million) in respect of staff retirement benefits and Rs. 1.072 million (2018: Rs 1.067 million) in respect of provident fund contribution.

	Note	2019	2018
30 Selling and distribution expenses			
Salaries, wages and amenities	30.1	5,575	5,618
Rent, rates and taxes		226	245
Electricity, gas and water charges		244	190
Postage, telephone and fax		94	92
Printing and stationery		155	177
Books and subscription		72	44
Running and maintenance of vehicles		138	129
Repair and maintenance		80	57
Travelling expenses		385	267
Entertainment		168	115
Insurance		41	44
Depreciation	6.2	823	888
Freight and forwarding		16,362	9,761
Sales promotion expenses		5	5
		24,368	17,632

30.1 Salaries, wages and amenities include Rs.0.522 million (2018: Rs.0.436 million) in respect of staff retirement benefits and Rs: 0.036 million (2018: Rs 0.042 million) in respect of provident fund contribution.

Notes to the Financial Statements
for the year ended 30 June 2019

(Rupees in thousand)	Note	2019	2018
31 Administrative and general expenses			
Salaries, wages and amenities	31.1	105,932	106,751
Director's remuneration		6,248	5,729
Rent, rates and taxes		4,293	4,646
Electricity, gas and water charges		4,638	3,601
Postage, telephone and fax		1,783	1,741
Printing and stationery		2,941	3,355
Books and subscription		1,360	834
Running and maintenance of vehicles		2,622	2,457
Repair and maintenance		1,527	1,078
Legal and professional charges		6,206	5,624
Travelling expenses		7,310	5,074
Entertainment		3,186	2,186
Auditors' remuneration	31.2	674	674
Insurance		800	862
Advertisement		685	628
Depreciation	6.2	15,646	16,869
Miscellaneous expenses		556	776
		166,407	162,885

31.1 Salaries, wages and amenities include Rs. 9.909 million (2018: Rs. 8.286 million) in respect of staff retirement benefits and Rs. 0.684 million (2018: Rs. 0.791 million) in respect of provident fund contribution.

31.2 Auditors' remuneration		2019	2018
Audit fee		525	525
Certification and review		85	85
Taxation services		64	64
		674	674

32 Other expenses	Note	2019	2018
Charity and donation	32.1	11,000	25,000
Workers' profit participation fund		9,275	6,223
Workers' welfare fund		1,893	2,415
		22,168	33,638

32.1 The details of the donations along with name of donee are as follows	2019	2018
Patient Behbud Society for Aga Khan University Hospital (AKUH)	6,000	
Aga Khan Education Services	5,000	20,000
Aga Khan Hospital and Medical College	–	5,000
	11,000	25,000

32.2 None of the directors and their spouses had any interest in the donee institution.

Notes to the Financial Statements

for the year ended 30 June 2019

(Rupees in thousand)	Note	2019	2018
33 Other income			
Income from financial assets			
Mark-up / Interest income	33.1	2,547	1,218
Income from non-financial assets			
Scrap, waste and other sales - net	33.2	34,964	45,694
Remission of liabilities		1,232	106
Profit on disposal of operating fixed assets		713	–
Gain on remeasurement of fair value of investment property	7	25,000	37,500
Exchange gain		23	128
Misc. income		15	1,003
		61,947	84,431
		64,494	85,649
33.1 Mark-up / Interest income			
Interest income from banks		2,250	919
Mark-up income on staff loan		297	299
		2,547	1,218
33.2 Scrap, waste and other sales - net			
Gross sales		38,605	50,489
Less: Sales tax		(3,641)	(4,795)
		34,964	45,694
34 Finance cost			
Mark-up on long-term financing		21,381	16,945
Mark-up on short-term borrowings		146,081	100,775
Mark-up on liabilities against assets subject to finance lease		122	206
Bank commission and Other expenses		778	941
		168,362	118,867
35 Provision for taxation			
Current			
- for the year	35.1	95,670	60,479
- prior years		574	266
		96,244	60,745
Deferred			
Origination and reversal of temporary differences		23,083	(562)
Impact of change in tax rate	35.3	–	(8,915)
		23,083	(9,477)
		119,327	51,268

35.1 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”).

35.2 Tax charge for the year ended 30 June 2019 represent minimum tax payable under the Ordinance, and for this reason, relationship between tax expense and accounting profit has not been presented.

Notes to the Financial Statements
for the year ended 30 June 2019

35.3 Applicable income tax rate is 29% for the financial year 2019 on account of changes made to Income Tax Ordinance, 2001.

35.4 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
2018	60,479	61,053
2017	60,745	44,203
2016	8,568	13,531

(Rupees in thousand)	Note	2019	2018
36 Earnings per share			
36.1 Earnings per share - basic			
Profit for the year after taxation attributable to ordinary shareholders (Rupees in thousand)		54,975	64,553
Weighted average ordinary shares in issue during the year (No. of shares)	17	34,068,514	34,068,514
Basic earnings per share (Rupees)		1.61	1.89

36.2 Earnings 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 2019 and 2018 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 2019

(Rupees in thousand)	Note	2019	2018
37 Cash generated from operations			
Profit before taxation		174,302	115,822
Adjustments for non-cash and other items			
Depreciation	6.2	154,867	150,030
Gain on remeasurement of fair value of investment property	7	(25,000)	(37,500)
Provision for staff retirement benefits	21.1	25,759	25,369
Profit on disposal of fixed assets		(713)	–
Exchange gain	32	(23)	(128)
Remission of liabilities	33	(1,232)	(106)
Profit / Mark-up on bank deposits	33.1	(2,547)	(919)
Finance cost	34	168,362	118,867
		319,473	255,613
		493,775	371,435
Effect on cash flow due to working capital changes			
(Increase) / Decrease in current assets			
Stores, spares and loose tools		6,114	(6,878)
Stock-in-trade		(48,500)	(99,112)
Trade debts		(60,664)	(11,237)
Loans and advances		10,468	6,410
Trade deposits and short term prepayments		–	896
Other receivables		23,267	113,826
		(69,315)	3,905
Decrease / (Increase) in current liabilities			
Trade and other payables		656,883	(178,975)
Cash generated from operations		1,081,343	196,365

38 Financial risk management

38.1 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.

Notes to the Financial Statements
for the year ended 30 June 2019

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.

5% strengthening of Pak rupee against the following currencies at 30 June 2019 would have increased 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	1,348	1,899
Thai baht	11	15
Japanese Yen	19	27
Euro	1,483	2,088
Chinese Yuan	833	1,282
Others	930	1,310

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)	2019	2018
Fixed rate instruments		
Financial assets		
Loan against instalments	2,036	2,034
Financial liabilities	–	–
Net exposure	2,036	2,034
Floating rate instruments		
Financial assets		
Bank balances - savings accounts	7,359	241
Financial liabilities		
Long-term financing	(188,739)	(214,769)
Short-term borrowings	(1,564,985)	(2,146,943)
Liabilities against asset subject to finance lease	(985)	(2,176)
Net exposure	(1,747,350)	(2,363,647)

Notes to the Financial Statements
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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 profit for the year would have been Rs. 1.461 million (2018: Rs. 0.942 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate instruments.

(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)	2019	2018
Trade debts	73,362	12,698
Advances, deposits and other receivables	360,778	394,513
Bank balances	32,388	14,482
Other receivables	342,546	365,813
Trade deposits and short-term prepayments	265	265
	809,339	787,771

There is no impairment loss of trade receivables as at June 30, 2019 and 2018.

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.

Notes to the Financial Statements

for the year ended 30 June 2019

(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	2019	2018
	Short term	Long term		(Rupees '000)	(Rupees '000)
Habib Bank Limited	A1+	AA+	PACRA	589	617
National Bank of Pakistan	A1+	AAA	PACRA	19	9
Bank Al-Habib Limited	A1+	AA+	PACRA	29	29
Soneri Bank Limited	A1+	AA+	PACRA	7,329	9,468
				7,966	10,123

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.

(c) 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.

Notes to the Financial Statements
for the year ended 30 June 2019

At 30 June 2019	Carrying amount	Less than one year	One to five years	More then five years
	(Rupees '000)			
Long-term financing	188,739	94,369	94,370	–
Short-term borrowings	1,564,985	1,564,985	–	–
Trade and other payables	1,345,791	1,345,791	–	–
	3,099,515	3,005,145	94,370	–

At 30 June 2018	Carrying amount	Less than one year	One to five years	More then 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	–	–
	3,051,852	2,908,673	143,179	–

38.2 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, 2019, 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:

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

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).

(Rupees in thousand)	2019	2018
38.3 Financial instruments by categories		
(a) Loans and receivables at amortised cost		
Assets as per balance sheet		
Long term security deposit	4,396	4,396
Trade debts	73,362	12,698
Advances, deposits and other receivables	360,778	394,513
Cash and bank balances	32,388	14,482
	470,924	426,089
(b) Financial liabilities at amortised cost		
Liabilities as per balance sheet		
Long-term financing	188,739	214,769
Trade and other payables	1,345,791	690,140
Short-term borrowings	1,564,985	2,146,943
Unclaimed dividend	1,509	1,111
Accrued mark-up	47,971	28,558
	3,148,995	3,081,521

Notes to the Financial Statements
for the year ended 30 June 2019

38.4 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.

38.5 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)	2019	2018
Long-term financing - note 20	94,370	143,179
Total equity	2,419,298	2,401,627
Total capital	2,513,668	2,544,806
Gearing ratio	0.038	0.056

39 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	
	2019	2018	2019	2018	2019	2018
Managerial remuneration	–	–	3,957	3,805	25,792	28,178
House rent	–	–	1,187	1,141	7,760	8,453
Utilities	–	–	396	380	2,587	2,818
Medical expenses	–	–	396	380	2,587	2,818
Retirement benefits	–	–	–	–	351	459
Others	–	–	89	147	276	277
	–	–	6,025	5,853	39,353	43,003
Relative number of person(s) whose remuneration charged in these financial statements	–	–	1	1	13	13

Notes to the Financial Statements

for the year ended 30 June 2019

39.1 The Company has one Chief Executive and Seven Directors as at 30 June 2019 (total 8 directors). However, during the year, no remuneration expense has been charged in these financial statements relating to the remuneration of Chief Executive. The Chief Executive Officer and one of the executives of the Company are provided with cars for business and personal use.

39.2 No remuneration has been paid to executive and non-executive directors for attending company meetings during the year ended 30 June 2019 and 2018.

40 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 39). Other significant transactions with the related parties are as follows:

(Rupees in thousand)

40.1 Details of transaction with related parties

Name	Nature of Relationship	Nature of Transactions	2019	2018
Rupafil Limited	Associated Company	- Sales of goods and services	479,792	503,052
		- Purchase of goods and services	1,397,148	594,124
Rupali Nylon (Pvt.) Limited	Associated Company	- Sales of goods and services	–	–
		- Purchase of goods and services	186	4,478
Soneri Bank Limited	Associated Company	- Profit on Bank Deposits	2,250	919
Spintex Limited	Related party	- Sales of goods and services	–	11
		- Goods received	9	145
Provident Fund Trust	Defined contribution plan	- Contribution to Provident Fund	1,880	1,900

40.2 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.

40.3 Particulars of transactions with worker's profit participation fund and staff retirement benefit plans are disclosed in note 24.1 and note 24.2 respectively to these financial statements.

Notes to the Financial Statements
for the year ended 30 June 2019

(Rupees in thousand)	2019	2018
40.4 Amount due from / (outstanding to) related parties		
Rupafil Limited		
- Sale of goods and services	–	17
- Purchase of goods and services	–	–
Rupali Nylon (Pvt.) Limited		
- Sale of goods and services	–	–
- Purchase of goods and services	–	–
Spintex Limited		
- Sale of goods and services	41,910	41,910
- Purchase of goods and services	–	–
Rupafil PowerGen (Pvt.) Limited		
- Sale of goods and services	31	31
- Purchase of goods and services	–	–

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

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 Relationship between directors	N/A
d.	Rupafil PowerGen (Pvt.) Limited	Common Directorship	N/A
e.	Soneri Bank Limited	Common Directorship	N/A

(Metric Tons)	2019	2018
41 Plant capacity and actual production		
Annual capacity (in three shifts)		
- Yarn	10,100	10,100
- Fiber	12,000	12,000
Actual production		
- Yarn	14,490	10,735
- Fiber	24,005	20,843

(Numbers)	2019	2018
41.1 Number of employees		
Total number of employees as at 30 June	1468	1323
Average number of employees for the year ended 30 June	1410	1277
Number of factory employees as at 30 June	1295	1157
Average number of factory employees for the year ended 30 June	1232	1116

Notes to the Financial Statements
for the year ended 30 June 2019

42 Post reporting date events - dividend

The Directors in their meeting held on 21 September 2019 have recommended 10% (2018:10%) final cash dividend amounting to Rs: 34.069 million (2018: Rs. 34.069 million) in respect of year ended 30 June 2019. This recommended dividend is subject to approval of members and these financial statements do not include the effect of the final dividend which will be accounted for in the year in which it is approved.

43 Date of authorization for issue

These financial statements were authorized for issue on 21 September 2019 by the Board of Directors of the Company.

44 General

Figures have been rounded off to the nearest thousand rupees unless otherwise stated. However, implementation of IFRS - 9 has resulted a reclassification of Rs. 54,000, which is adequately disclosed in note - 12 to these financial statements. There is no other material or immaterial reclassification.

Nooruddin Feerasta	Shehzad Feerasta	Amjad Rahil
Chief Executive Officer	Director	Chief Financial Officer

Pattern of Shareholding
as at 30 June 2019

Number of Shareholders	Shareholding From		To	Total Shares Held
198	1	-	100	6,241
99	101	-	500	30,889
75	501	-	1,000	53,289
81	1001	-	5,000	203,779
21	5001	-	10,000	155,590
6	10001	-	15,000	77,701
2	15001	-	20,000	40,000
8	20001	-	25,000	187,689
1	25001	-	30,000	28,000
1	30001	-	35,000	31,000
1	35001	-	40,000	40,000
1	50001	-	55,000	53,000
1	85001	-	90,000	88,500
1	95001	-	100,000	100,000
1	105001	-	110,000	105,500
1	110001	-	115,000	115,000
1	115001	-	120,000	120,000
1	120001	-	125,000	124,000
1	145001	-	150,000	146,482
1	205001	-	210,000	209,490
1	225001	-	230,000	226,662
1	230001	-	235,000	233,161
1	250001	-	255,000	254,000
1	285001	-	290,000	286,000
1	485001	-	490,000	488,010
1	580001	-	585,000	584,500
1	710001	-	715,000	714,493
1	815001	-	820,000	816,483
1	830001	-	835,000	834,500
1	935001		940,000	939,833
1	3830001		3,835,000	3,834,290
1	5080001		5,085,000	5,081,142
1	17855001		17,860,000	17,859,290
515		Total		34,068,514

Pattern of Shareholding
as at 30 June 2019

Categories of Shareholders	Number	Shares Held	Percentage
Individuals	488	3,590,302	10.54
Joint Stock Companies	0	0	0.00
Investment Companies	0	0	0.00
Directors, Chief Executive Officer and their Spouses and minor Children	9	1,079,328	3.17
Mr. Nooruddin Feerasta		500	0.00
Mr. Muhammad Rashid Zahir		500	0.00
Mr. Yasseen M. Sayani		939,833	2.76
Mrs. Amyna Feerasta		500	0.00
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. Laila Y. Sayani w/o Mr. Yaseen M. Sayani		115,000	0.34
Total:		1,079,328	3.17
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	9	1,070,457	3.14
Foreign Investors	0	0	0.00
Co-operative Societies	0	0	0.00
Trusts	3	26,774,722	78.59
Others			
Total:	515	34,068,514	100.00

Pattern of Shareholding
as at 30 June 2019

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

Name of Shareholders	No. of Shares Held	Percentage
Trustees Feerasta Senior Trust	17,859,290	52.42
Trustees ALNU Trust	8,915,432	26.17
Total:	26,774,722	78.59

Trading in Shares During 2018-19:

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

Proxy Form 39th 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

______________________________ of __________ 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 39th Annual General Meeting of the Company to be held on 26 October 2019 or at any adjournment thereof.

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

Revenue Stamp

Dated this _____ day of October 2019

Signature of Shareholder____________________

Signature of Proxy____________________

1. WITNESS	2. WITNESS
Signature:____________________	Signature:____________________
Name: ____________________	Name: ____________________
Address: ____________________	Address: ____________________
CNIC No: ____________________	CNIC No: ____________________
or Passport 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.

AFFIX
CORRECT
POSTAGE

The Company Secretary

Rupali Polyester Limited

Rupali House,

241-242 Upper Mall Scheme, Anand Road,

Lahore - 54000

پراکسی فارم

انتالیسواں سالانہ اجلاسِ عام

میں / ہم روپالی پولیسٹر لمیٹڈ کے زیرِ دستخطی ممبر (ز) ہوں / ہیں اور میرے / ہمارے پاس ----------------------------------

عمومی حصص کی ملکیت ہے، میں / ہم، محترم / محترمہ --

سکنہ ---------------------- یا ایسا نہ ہونے کی صورت میں ان کی جگہ محترم / محترمہ ------------------------

سکنہ ------------------------------ وہ بھی کمپنی کے ممبر ہیں کو بطور نائب کمپنی اپنی جگہ کمپنی کے سالانہ عام اجلاس منعقدہ، بمقام کمپنی کے رجسٹرڈ دفتر روپالی ہاؤس، 241-242 اپر مال سکیم آنند روڈ لاہور بتاریخ 26 اکتوبر 2019 میری / ہماری جگہ بطور پراکسی شرکت کرنے، ووٹ دینے کی اجازت دیتا ہوں / دیتی ہوں۔

درست رقم کی
ٹکٹ چسپاں کریں

گواہان:

دستخط کئے گئے مورخہ ------- اکتوبر 2019

1 دستخط: --------------------------

نام: --------------------------

پتہ: --------------------------

سی این آئی سی یا پاسپورٹ نمبر: -------------

2 دستخط: --------------------------

نام: --------------------------

پتہ: --------------------------

سی این آئی سی یا پاسپورٹ نمبر: -------------

نوٹ: پراکسیز کے موئثر ہونے کے لیے لازم ہے کہ وہ اجلاس سے 48 گھنٹے قبل کمپنی کو موصول ہوں۔ نیابت دار کا کمپنی کا رُکن 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 پراکسی فارم کے ساتھ کمپنی میں جمع کرائیں۔

درست رقم کی
ٹکٹ چسپاں کریں

کمپنی سیکرٹری
روپالی پولیسٹر لمیٹڈ
روپالی ہاؤس
241-242 اپر مال سکیم، آنند روڈ،
لاہور-54000

www.rupaligroup.com

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