

Quarterly Accounts (Un-audited)
for the 1st Quarter ended
30 September 2020



RUPALI POLYESTER LIMITED

Quarterly Accounts (Un-audited)
for the 1st Quarter ended
30 September 2020



Rupali
RUPALI POLYESTER LIMITED

Uncertainty is like the weather. It's always there, part of the atmosphere, and a condition over which individuals and organizations have very little control. The severity of uncertainty, like the severity of the weather, can rise and fall.

In uncertain times, we resist the impulse to adopt a defensive pose, instead we focus on actions those will position us for success.

Corporate Data

Board of Directors

Chairman / Chief Executive Officer

Nooruddin Feerasta

Directors

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

Audit Committee

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

Human Resource & Remuneration Committee

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

Chief Financial Officer

Muhammad Ahsan Iqbal

Company Secretary

S. Ghulam Shabbir Gilani

Bankers

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

Auditors

Qavi & Co.
Chartered Accountants

Registered Office

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

Plant

30.2 Kilometer Lahore - Sheikhpura Road
Sheikhpura - 39350 PAKISTAN

Directors' Review

On behalf of the Board of Directors, we are pleased to present the Company's un-audited financial statements for the first quarter ended 30 September 2020.

Overview

The momentum of growth that emerged at the end of FY 2019-20 after COVID-19 is seen in the July-September 2020 when sales accelerated leading to a strong quarter of operational and economic activity, but the total recovery from the COVID-19 recession is at crossroads as the new cases of coronavirus are surging across the country. Despite facing a widespread array of challenges and obstacles faced by the industries in Pakistan, we report with satisfaction that the financial results for the quarter under review remained quite positive.

PSF and PFY Market Condition

Like other industries, PSY and PFY markets in the country faced severe slowdown due to COVID-19 and the impact is still not fully receded to normalcy. The demand situation in our downstream consumers of entire Textile chain is now increasing. In central Punjab, hosiery production season was at peak from the last month with increase in demand of our products. Other synthetic products like elastic and lace sectors were seasonally slowdown due to the months of Muharram and Safar and hopefully thereafter the production of these items will increase. Several other business segments like carpets, center pieces fabrics have now re-started manufacturing after COVID-19 shutdown.

Energy Tariffs

Considering the negative impact of regional competition, the Government has extended relief package comprising all-inclusive rate of 7.5 cents per unit and US\$ 6.5 per MMBTU for the export-oriented sectors. The Chinese suppliers are massively dumping their products in Pakistan which are adversely affecting the domestic PFY Industry. Concessional energy tariff reduced our cost of production enabling us to compete with the imported PFY prices. However, the Government has now increased electricity tariff by 20 per cent from existing 7.5 cents to 9 cents from 1 September 2020. With increase in tariff, the export-oriented sectors will bear additional financial burden. Since the energy cost directly increases the production cost, we urge the Government to re-consider the continuation of regionally competitive energy tariffs of 7.5 cents per unit for power US\$ 6.5 per MMBTU RLNG and Rs.786 per MMBTU domestic natural gas for export oriented sectors financing scheme on pattern of new industry financing for reviving closed capacity which is currently closed and extend LTFF and ERF to cover the entire value chain as these protections are inevitable for increasing the country's exports.

Gas Infrastructure Development Cess (GIDC)

As earlier reported in our Annual Report 2020, the Honourable Supreme Court of Pakistan on 13 August 2020 announced its majority judgement in Civil Appeals No. 1113 of 2017 declaring the Gas Infrastructure Development Cess Act, 2015 intra-vires to the Constitution and ordered the recovery of GIDC arrears till 31 July 2020 in 24 instalments. In compliance of that judgement, the Company accrued the liability of Rs.155 million as per record of SNGPL in its financial statements for the year ended 30 June 2020 and simultaneously filed a Writ Petition before the

Honourable Lahore High Court against the demand of arrears up to May, 2015 and the Court has granted the stay till further hearing. Further, the Company filed a Civil Miscellaneous application in the Honourable Supreme Court of Pakistan for becoming party to the Civil Review Petition No. 421 of 2020 in Civil Appeals No. 1113 of 2017 on the grounds that the Company has not passed on the burden of GIDC to its customers. The Review Petitions are pending adjudication in the Honourable Supreme Court of Pakistan.

Raw Material prices

In September 2020, PTA price was US\$ 490 per M.Ton compared to US\$ 685 in September 2019. Similarly, MEG price in September 2020 was US\$ 485 per M.Ton as against US\$ 550 in September 2019. The decrease in raw material prices contributed to reduce the cost of goods sold.

Taxation structure and dumped imports

The Additional Custom Duty and Regulatory Duty are not being charged on imported PFY and other various items of textile sector. There is no Regulatory Duty on the import of woven fabrics of artificial filament yarn, woven fabrics of artificial staple fiber. This is jeopardizing the domestic PFY and PSF in disregard to providing a level playing field.

As per the recent data, cotton prices have touched a peak of PKR10,500 per maund due to lower cotton production this year. Therefore, the local PFY needs to be developed as import substitution to meet the requirement of Textile industry.

Financial Results

Sales revenue for Q1 of FY 2020-21 ended 30 September 2020 was Rs.1,531.87 million compared to Rs. 2,117.02 million in Q1 of FY 2019-20. By efficient operational performance aiming at economizing the cost of goods sold, gross profit was Rs.144.86 million and remained comparable to Rs.149.55 million of Q1 of 2019-20. Finance cost decreased to Rs.45.15 million from Rs. 56.79 million in corresponding quarter of FY 2019-20 because of decrease in mark-up rates on bank borrowings. We are happy to report that despite COVID-19 impact, both top and bottom lines showed positive improvement.

Your Company has earned profit before tax amounting to Rs.60.38 million as against Rs.55.60 million and profit after tax amounting to Rs.37.40 million compared to Rs.23.84 million in same quarter of FY 2019-20.

Earnings per share amounted to Rs.1.10, up from Re. 0.70 in same quarter of the last year.

Future Outlook

The economy is still facing the threat of second wave of Corona, therefore, precautionary measures in businesses shall be required to continue to be in place.

We are actively considering to review our expansion plans provided the tariff protection to domestic PSF and PFY industry is ensured. Illegal imports of PSF and PFY are devastating to the domestic industry. Any Pak rupee depreciation against US\$ and other big currencies will be a big challenge for the domestic industry.

The Review Petitions of the GIDC Order are under hearing in the Honourable Supreme Court of Pakistan. There will be a huge financial burden on the cash flow of the Company in case the Review Petitions are dismissed.

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, cooperation and support.

On behalf of the Board



Nooruddin Feerasta
Chief Executive Officer



Shehzad Feerasta
Director

Lahore:
27 October 2020

مستقبل کا جائزہ

معیشیت کو ابھی بھی کورونا کی دوسری لہر کا خطرہ درپیش ہے لہذا کاروباری اداروں میں احتیاطی تدابیر پر عمل برقرار رکھنے کی ضرورت ہے۔ ہم فعال طور پر اپنے توسیعی منصوبوں کا بغور جائزہ لے رہے ہیں بشرطیکہ پی ایس ایف اور پی ایف وائی کی مقامی صنعت کو تحفظ فراہم کرنے کو یقینی بنایا جائے۔ پی ایس ایف اور پی ایف وائی کی غیر قانونی درآمد گھریلو صنعت پر تباہ کن اثرات مرتب کر رہی ہے۔ علاوہ ازیں امریکی ڈالر کے مقابلے میں روپے کی قدر میں کمی مقامی صنعت کیلئے بڑا چیلنج ہوگی۔

GIDC فیصلہ پر عدالت عظمیٰ پاکستان میں نظر ثانی کی درخواستیں زیر سماعت ہیں۔ اگر وہ رد کردی گئیں تو کمپنی کے کیش فلو پر بہت بڑا مالی بوجھ پڑے گا۔

اظہار تشکر

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

منجانب بورڈ آف ڈائریکٹرز:



شہزاد فیراستہ
ڈائریکٹر



نور الدین فیراستہ
چیف ایگزیکٹو آفیسر

لاہور:

۲۷ اکتوبر ۲۰۲۰

عدالتِ عظمیٰ پاکستان کے فیصلے پر نظر ثانی کی درخواستوں کے ساتھ پارٹی بننے کی درخواست داخل کی ہوئی ہے۔ فیصلہ پر نظر ثانی کی یہ درخواستیں عدالتِ عظمیٰ پاکستان میں زیرِ سماعت ہیں۔

خام مال کی قیمتیں

ستمبر ۲۰۲۰ء میں پی ٹی اے کی قیمت ۴۹۰ امریکی ڈالر میٹرک ٹن رہی جو کہ ستمبر ۲۰۱۹ء میں ۶۸۵ امریکی ڈالر تھی۔ اسی طرح MEG کی قیمت ستمبر ۲۰۲۰ء میں ۴۸۵ امریکی ڈالر رہی جو کہ ستمبر ۲۰۱۹ء میں ۵۵۰ امریکی ڈالر تھی۔ خام مال کی قیمتوں میں کمی سے مصنوعات کی پیداواری لاگت نیچے آئی ہے۔

ٹیکسوں کا ڈھانچہ اور ڈمپڈرآمدات

درآمد شدہ پی ایف وائی پر کسی قسم کی ڈیوٹی وصول نہیں کی جارہی جو کہ مقامی پی ایف وائی صنعت کیلئے بہت ضرر رساں ہے۔ کپاس کی قیمتوں میں کافی اضافہ ہو رہا ہے اور اس کی قیمت تقریباً ۱۰،۵۰۰ روپے فی من تک پہنچ چکی ہے جس کی وجہ کپاس کی پیداوار میں کمی ہے اس لئے پی ایف وائی کو درآمدِ نعم الہدل کے طور پر تیار کرنے کی اشد ضرورت ہے تاکہ کپڑے کی صنعت کی مجموعی ضرورت جو کہ کپاس کی کمی کے باعث پوری نہیں ہو رہی وہ پی ایف وائی کی مقامی پیداوار میں اضافہ کر کے پوری کی جاسکے۔

مالی نتائج

۳۰ ستمبر ۲۰۲۰ء کو ختم ہونے والی اس سہ ماہی کی فروخت آمدنی ۱،۵۳۱.۸۷ ملین روپے ہے جو کہ پچھلے مالی سال ۲۰۱۹-۲۰ کی اسی مدت میں ۲،۱۱۷.۰۲ ملین روپے تھی۔ موثر آپریشنل کارکردگی کے ذریعے فروخت شدہ اشیاء کی پیداواری قیمت کو کم رکھنے کی کوششوں سے خام منافع ۱۴۳.۸۶ ملین روپے ہے جو کہ پچھلے سال ۲۰۱۹-۲۰ کو اسی سہ ماہی میں ۱۴۹.۵۵ ملین روپے تھا۔ بنکوں کے شرح سود میں کمی کی وجہ سے مالیات کی لاگت کم ہو کر ۴۵.۱۵ ملین روپے ہو گئی ہے جو کہ ۲۰۱۹-۲۰ کی اسی سہ ماہی میں ۵۶.۷۹ ملین روپے تھی۔ ہمیں یہ بتاتے ہوئے خوشی ہوئی ہے کہ کوویڈ-۱۹ کے اثرات کے باوجود اوپر والے اور نیچے والے منافع جات میں قابلِ ذکر بہتری آئی ہے۔

آپ کی کمپنی نے قبل از ٹیکس ۲۰.۳۸ ملین روپے منافع حاصل کیا ہے جو سال ۲۰۱۹-۲۰ کی اس سہ ماہی میں ۵۵.۶۰ ملین روپے تھا اور بعد از ٹیکس منافع ۳۷.۴۰ ملین روپے کمایا جو مالی سال ۲۰۱۹-۲۰ کی اسی مدت میں ۲۳.۸۴ ملین روپے تھا۔

فی حصص آمدنی اس سہ ماہی میں ۱.۱۰ روپے ہے جو پچھلے سال کی اسی سہ ماہی میں ۷.۰ روپے تھی۔

ڈائریکٹران کا جائزہ

ہم بمسرت بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کے ۳۰ ستمبر ۲۰۲۰ کو ختم ہونے والی سہ ماہی کے غیر پڑتال شدہ حسابات پیش کرتے ہیں۔

عمومی جائزہ

کوویڈ-۱۹ کے بعد مالی سال ۲۰۱۹-۲۰ کے اختتام پر سامنے آنے والی نمونیز جائزہ سہ ماہی، جولائی-ستمبر ۲۰۲۰، میں بھی دیکھی جا رہی ہے۔ بکری کا بہتر رجحان اس سہ ماہی کو مضبوط آپریشنل اور معاشی سرگرمیوں کی جانب لے کر گیا ہے مگر کوویڈ-۱۹ میں کساد بازاری مکمل طور پر بحالی کے دوراں پر ہے کیونکہ ملک بھر میں اس وائرس کے نئے کیسز بڑھ رہے ہیں۔ پاکستان میں صنعتوں کو درپیش چیلنجز اور کاؤٹوں کے باوجود یہ بات باعث اطمینان ہے کہ نمونیز جائزہ سہ ماہی میں مالی نتائج مثبت رہے۔

پی ایس ایف اور پی ایف وائی مارکیٹ کی صورت حال

دیگر صنعتوں کی طرح وباء کے باعث ملک میں پی ایس ایف اور پی ایف وائی مارکیٹوں کو شدید مندی کا سامنا کرنا پڑا اور اس کا اثر ابھی تک معمول پر نہیں آسکا۔ ہمارے گاہکوں کے پاس ہمارے مال کی مانگ اب بڑھ رہی ہے۔ ماہ گذشتہ سے ہوزری مصنوعات بڑھ رہی ہیں۔ ماہ محرم اور صفر میں کچھ Synthetic سیکٹرز میں سسٹم روی رہی۔ جو اب دوبارہ معمول پر آ رہے ہیں۔ اسی طرح بہت سے کاروبار جیسے قالین بانی وغیرہ، وہ کوویڈ-۱۹ کی وجہ سے بند ہو جانے کے بعد اب گھلنا شروع ہو گئے۔

توانائی کے نرخ

علاقائی مسابقت کو مد نظر رکھتے ہوئے حکومت نے یکم جولائی ۲۰۱۹ء سے بجلی کے نرخ ۵.۷ سینٹ فی یونٹ اور گیس کے نرخ ۶.۵ ڈالر فی ایم ایم بی ٹی یو بشمول تمام خصوصی کچنگ دیا۔ چینی سپلائرز اپنی مصنوعات پاکستان میں ڈمپ کر رہے ہیں۔ جو گھریلو پی ایف وائی انڈسٹری کو بُری طرح متاثر کر رہے ہیں۔ رعایتی نرخوں سے ہماری پیداواری لاگت کم ہوئی تھی۔ البتہ حکومت نے یکم ستمبر ۲۰۲۰ء سے بجلی کے رعایتی نرخ ۵.۷ سینٹ فی یونٹ میں ۲۰ فیصد کا اضافہ کیا ہے اور اب یہ نرخ ۹ سینٹ فی یونٹ ہو گیا ہے۔ اس طرح توانائی لاگت میں اضافی بوجھ برداشت کرنا پڑے گا۔ حکومت سے درخواست ہے کہ علاقائی مسابقت کو مد نظر رکھتے ہوئے توانائی کے نرخوں پر دوبارہ غور کریں اور سابقہ نرخ لاگو کئے جائیں اور برآمدات میں اضافہ کی خاطر مقامی صنعت کو تحفظ دیں اور بند پڑی ہوئی پیداواری گنجائشوں کو قابل استعمال بنانے کیلئے نئی صنعت کی طرز پر LTFE اور ERF بہم پہنچائیں۔

گیس انفراسٹرکچر ڈولپمنٹ GIDC- Cess

جیسا کہ ہماری سالانہ رپورٹ ۲۰۲۰ء میں ذکر کیا تھا عدالت عظمیٰ پاکستان نے GIDC معاملہ پر حکومت کے حق میں اکثریتی فیصلہ دیا اور بقایا جات ۲۲ براہ راست وصول کرنے کا حکم جاری کیا۔ اس فیصلے کے قیام میں کمپنی نے ۳۰ جون ۲۰۲۰ کو ختم ہونے والے مالی سال میں ۱۵۵ ملین روپے اس مدت میں مختص کئے اور ساتھ ہی مئی ۲۰۱۵ء تک کے بقایا جات کے خلاف عدالت عالیہ لاہور میں درخواست دائر کی جسے معزز عدالت نے منظور کرتے ہوئے اگلی سماعت تک بقایا جات کی وصولی مؤخر کر دی ہے۔ کمپنی نے چونکہ GIDC سے متعلق کوئی بھی رقم کا بار اٹھانے کا ہکوں کو منتقل نہیں کیا ہے اس بنیاد پر

Condensed Interim Statement of Financial Position (Un-audited) as at 30 September 2020

| Rupees in thousand | Note | Un-audited 30 Sep 2020 | Audited 30 June 2020 |
|---|------|---------------------------|-------------------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | | 3,056,725 | 3,082,253 |
| Investment property | 5 | 567,500 | 567,500 |
| Long-term deposits | | 4,281 | 4,281 |
| | | 3,628,506 | 3,654,134 |
| CURRENT ASSETS | | | |
| Stores, spares and loose tools | | 992,204 | 1,264,934 |
| Stock-in-trade | | 1,200,067 | 1,042,770 |
| Trade debts | | 212 | 984 |
| Loans and advances | | 171,957 | 157,997 |
| Trade deposits and short term prepayments | | 727 | 0 |
| Other receivables | | 406,651 | 260,989 |
| Taxation - net | | 63,814 | 72,106 |
| Cash and bank balances | | 12,512 | 310,633 |
| | | 2,848,144 | 3,110,413 |
| | | 6,476,650 | 6,764,547 |
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Authorised share capital 35,000,000 (30 June 2020: 35,000,000) ordinary shares of Rs. 10 each | | 350,000 | 350,000 |
| Issued, subscribed and paid-up capital 34,068,514 (30 June 2020: 34,068,514) ordinary shares of Rs. 10 each | | 340,685 | 340,685 |
| Reserves | 6 | 410,261 | 372,861 |
| Surplus on revaluation of freehold land | | 1,719,056 | 1,719,056 |
| | | 2,470,002 | 2,432,602 |
| NON-CURRENT LIABILITIES | | | |
| Long-term financing | 7 | 94,369 | 94,369 |
| Staff retirement benefits | | 169,000 | 169,000 |
| Deferred taxation - Net | | 271,509 | 271,509 |
| | | 534,878 | 534,878 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 8 | 879,617 | 852,044 |
| Short-term borrowings | 9 | 2,476,276 | 2,837,449 |
| Accrued mark-up | | 66,937 | 58,634 |
| Unclaimed Dividend | | 1,755 | 1,755 |
| Current portion of long-term borrowings | 10 | 47,185 | 47,185 |
| | | 3,471,770 | 3,797,067 |
| CONTINGENCIES AND COMITMENTS | | | |
| | 11 | 6,476,050 | 6,764,547 |

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.



Nooruddin Feerasta
Chief Executive Officer



Shehzad Feerasta
Director



Muhammad Ahsan Iqbal
Chief Financial Officer

Condensed Interim Statement of Profit or Loss (Un-audited) for the quarter ended 30 September 2020

| Rupees in thousand | Quarter Ended | |
|--|------------------|-------------|
| | Sep 2020 | Sep 2019 |
| Sales | 1,531,873 | 2,117,017 |
| Cost of goods sold | (1,387,017) | (1,967,472) |
| Gross profit | 144,856 | 149,545 |
| Selling and distribution expenses | (4,121) | (7,105) |
| Administrative and general expenses | (34,212) | (38,111) |
| Other operating charges | (10,122) | (4,359) |
| | (48,455) | (49,575) |
| Other operating income | 9,123 | 12,414 |
| Operating Profit | 105,524 | 112,384 |
| Finance cost | (45,146) | (56,787) |
| Profit before taxation | 60,378 | 55,597 |
| Taxation | (22,978) | (31,755) |
| Profit after taxation | 37,400 | 23,842 |
| | Amount in Rupees | |
| Earnings per share - basic and diluted | 1.10 | 0.70 |

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.



Nooruddin Feerasta
Chief Executive Officer



Shehzad Feerasta
Director



Muhammad Ahsan Iqbal
Chief Financial Officer

Condensed Interim Statement of Comprehensive Income (Un-audited) for the quarter ended 30 September 2020

| Rupees in thousand | Quarter Ended | |
|----------------------------|---------------|----------|
| | Sep 2020 | Sep 2019 |
| Profit after taxation | 37,400 | 23,842 |
| Other comprehensive income | - | - |
| Total comprehensive income | 37,400 | 23,842 |

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.



Nooruddin Feerasta
Chief Executive Officer



Shehzad Feerasta
Director



Muhammad Ahsan Iqbal
Chief Financial Officer

Condensed Interim Cash Flow Statement (Un-audited) for the quarter ended 30 September 2020

| Rupees in thousand | Quarter Ended | |
|--|---------------|-----------|
| | Sep 2020 | Sep 2019 |
| Cash generated from operations | | |
| Profit before taxation | 60,378 | 55,597 |
| Adjustments for non-cash and other items | | |
| Depreciation | 43,629 | 41,713 |
| Provision for staff retirement benefits | 35 | 30 |
| Profit on Bank deposits | (1,754) | (727) |
| Finance cost | 45,146 | 56,787 |
| | 87,056 | 97,803 |
| Effect on cash flow due to working capital changes | | |
| Increase / (Decrease) in current assets: | | |
| Stores, spares and loose tools | 272,730 | (17,232) |
| Stock-in-trade | (157,297) | (55,970) |
| Trade debts | 772 | 38,445 |
| Loans and advances | (13,960) | (2,847) |
| Trade deposits and short term prepayments | (727) | (439) |
| Other receivables | (145,662) | (264,740) |
| | (44,144) | (302,783) |
| (Increase) / Decrease in current liabilities | | |
| Trade and other payables | 27,573 | 56,701 |
| Cash generated from operations | 130,863 | (92,682) |
| Finance cost paid | (36,843) | (48,004) |
| Income tax paid | (14,686) | (59,270) |
| Staff retirement benefits paid | (35) | (30) |
| Profit received | 1,754 | 727 |
| Net Cash outflow from operating activities | 81,053 | (199,259) |

Condensed Interim Cash Flow Statement (Un-audited)

for the quarter ended 30 September 2020

| Rupees in thousand | Quarter Ended | |
|--|---------------|-------------|
| | Sep 2020 | Sep 2019 |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Capital expenditure | (18,001) | (15,150) |
| Long term deposits | - | - |
| Net cash outflow from investing activities | (18,001) | (15,150) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Long term financing | - | - |
| Dividend paid | - | (31) |
| Liabilities against assets subject to finance lease | - | (312) |
| Net cash outflow from financing activities | - | (343) |
| Net increase / (decrease) in cash and cash equivalents | 63,052 | (214,752) |
| Cash and cash equivalents at the beginning of the period | (2,526,816) | (1,532,597) |
| Cash and cash equivalents at the end of the period | (2,463,764) | (1,747,349) |
| Cash and cash equivalents | | |
| Cash and bank balances | 12,512 | 17,918 |
| Short-term borrowings | (2,476,276) | (1,765,267) |
| Cash and cash equivalents at the end of the period | (2,463,764) | (1,747,349) |

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.



Nooruddin Feerasta
Chief Executive Officer



Shehzad Feerasta
Director



Muhammad Ahsan Iqbal
Chief Financial Officer

Condensed Interim Statement of Changes in Equity (Un-audited) for the quarter ended 30 September 2020

Rupees in thousand

| | Issued subscribed and paid- up capital | Capital Reserve Share premium | Revenue Reserves | | Surplus on Revaluation of freehold land | Total |
|---|---|--|--------------------|---------------------|---|------------------|
| | | | General reserve | Accumulated Loss | | |
| Balance as on 01 July 2019 | 340,685 | 71,490 | 1,664,125 | (1,376,058) | 1,719,056 | 2,419,298 |
| Profit for 1st Quarter ended 30 September 2019 | - | - | - | 23,842 | - | 23,842 |
| Other comprehensive income for 1st quarter ended 30 September 2019 | - | - | - | - | - | - |
| Balance as on 30 September 2019 | 340,685 | 71,490 | 1,664,125 | (1,352,216) | 1,719,056 | 2,443,140 |
| Balance as on 01 October 2019 | 340,685 | 71,490 | 1,664,125 | (1,352,216) | 1,719,056 | 2,443,140 |
| Profit for last 3 quarters ended 30 June 2020 | - | - | - | 9,668 | - | 9,668 |
| Dividend for the year 2019 | - | - | - | (34,068) | - | (34,068) |
| Other comprehensive income for the year ended 30 June 2020 | - | - | - | 13,862 | - | 13,862 |
| Balance as on 30 June 2020 | 340,685 | 71,490 | 1,664,125 | (1,362,754) | 1,719,056 | 2,432,602 |
| Balance as on 01 July 2020 | 340,685 | 71,490 | 1,664,125 | (1,362,754) | 1,719,056 | 2,432,602 |
| Profit for 1st Quarter ended 30 September 2020 | - | - | - | 37,400 | - | 37,400 |
| Other comprehensive income for 1st Quarter ended 30 September 2020 | - | - | - | - | - | - |
| Balance as on 30 September 2020 | 340,685 | 71,490 | 1,664,125 | (1,325,354) | 1,719,056 | 2,470,002 |

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.



Nooruddin Feerasta
Chief Executive Officer



Shehzad Feerasta
Director



Muhammad Ahsan Iqbal
Chief Financial Officer

Notes to the Condensed Interim Financial Statements (Un-audited) for the quarter ended 30 September 2020

1 Legal status and nature of business

RUPALI POLYESTER LIMITED ("the Company") was incorporated in Pakistan on 24 May 1980 as a Public Limited Company and is quoted on the Pakistan Stock Exchange Limited. The registered office of the Company is situated at 241-242 Upper Mall Scheme, Anand Road, Lahore. The production plant is situated at 30.2 KM Lahore - Sheikhpura Road, Sheikhpura. The regional office is situated at 101 -105 1st Floor, Gul Tower, I.I Chundrigar Road, Karachi. The Company is principally engaged in the manufacture and sale of polyester products.

2 Basis of preparation

This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of any directives issued under the Companies Act 2017. In case where the requirements differ, the provisions of or directives issued under the Companies Act 2017 have been followed. This condensed interim financial information does not include all the information required for full annual financial statements and, therefore, should be read in conjunction with audited annual financial statements of the Company for the year ended 30 June 2020.

3 Significant accounting policies

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

The provision for taxation for the Quarter ended 30 September 2020 has been made using the tax rate that would be applicable to expected total annual earnings.

4 Accounting estimates, judgments and financial risk management

In preparing this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the audited annual financial statements as at and for the year ended 30 June 2020,

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

The Company's financial risk management objectives and policies are consistent with those disclosed in the audited annual financial statements as at and for the year ended 30 June 2020.

| Rupees in thousand | Un-audited 30 Sep 2020 | Audited 30 June 2020 |
|--|---------------------------|-------------------------|
| 5 Investment property | | |
| Fair value at the beginning of the period/year | 567,500 | 567,500 |
| Fair value gain during the period/year | - | - |
| Fair value at the end of the period/year | 567,500 | 567,500 |

The fair value of investment property was determined at 30 June 2020 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.

| Rupees in thousand | Un-audited 30 Sep 2020 | Audited 30 June 2020 |
|---|---------------------------|-------------------------|
| 6 Reserves | | |
| Capital | | |
| - Share Premium | 71,490 | 71,490 |
| Revenue | | |
| - General reserve | 1,664,125 | 1,664,125 |
| - Accumulated loss | (1,325,354) | (1,362,754) |
| | 338,771 | 301,371 |
| | 410,261 | 372,861 |
| 7 Long Term Financing | | |
| From banking companies - secured | | |
| - Utilized under mark-up arrangement | 141,554 | 141,554 |
| Current portion shown under current liabilities | (47,185) | (47,185) |
| Non-current portion | 94,369 | 94,369 |

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

| Rupees in thousand | Un-audited 30 Sep 2020 | Audited 30 June 2020 |
|------------------------------------|---------------------------|-------------------------|
| 8 Trade & Other Payable | | |
| Creditors | 602,082 | 222,525 |
| Accrued liabilities | 228,675 | 571,285 |
| Advances from customers | 12,255 | 25,888 |
| Retention money | 1,490 | 1,095 |
| Payable to provident fund | 281 | 279 |
| Income tax deducted at source | 343 | 657 |
| Workers' profit participation fund | 20,290 | 17,311 |
| Workers' welfare fund | 6,304 | 4,732 |
| Other payables | 7,897 | 8,272 |
| | 879,617 | 852,044 |

During the period under review on 13th August 2020, Honourable Supreme Court of Pakistan announced its majority judgement in Civil Appeals No 1113 of 2017 declaring the Gas Infrastructure Development Cess Act, 2015 intra-vires to the Constitution and ordered the recovery of GIDC arrears till 31 July 2020 in 24 instalments. In compliance of that judgement, the Company accrued the liability of Rs. 155 million as per record of SNGPL in its accounts for the year ended 30 June 2020 and simultaneously filed a writ petition no. 42283 of 2020 before Honourable Lahore High Court on 15th September 2020 against the demand of arrears up to May, 2015, the Honourable LHC granted the stay till further hearings. Further, on 17 October 2020, the Company filed a civil miscellaneous application no 6416 of 2020 in the Honourable Supreme Court of Pakistan for becoming party to the Civil Review Petition No. 421 of 2020 in Civil Appeals No. 1113 of 2017 on the grounds that the Company has not passed on the burden of GIDC to its customers. If the Honourable Supreme Court of Pakistan accepts the review petition of original parties to the judgement, we will also become party to it.

| Rupees in thousand | Un-audited 30 Sep 2020 | Audited 30 June 2020 |
|--|---------------------------|-------------------------|
| 9 Short term borrowings | | |
| From Banking Companies - Secured | | |
| Running Finances under Mark-up arrangements from banks | 1,140,672 | 1,402,881 |
| Deferred payments under markup arrangements from bank | 752,485 | 851,449 |
| Interest free loan | 583,119 | 583,119 |
| | <u>2,476,276</u> | <u>2,837,449</u> |
| 10 Current portion of long-term borrowings | | |
| Long-term financing | 47,185 | 47,185 |
| Liabilities against assets subject to finance lease | | |
| | <u>47,185</u> | <u>47,185</u> |

11 Contingencies and commitments

11.1 Contingencies:

- 11.1.1 Guarantees issued to different organizations in the normal course of business amounted to Rs. 120.375 million (30 June 2020: Rs. 120.375 million).
- 11.1.2 Outstanding guarantees given on behalf of related parties amounted to Rs. Nil (30 June 2020 Rs. Nil).
- 11.1.3 Certain Ex-Employees of the Company have filed cases with an authority under Payment of Wages Act, 1936. This collectively amounts to Rs. 2.507 million. The legal advisor is of the view that the Company will have no liability in this respect.
- 11.1.4 The Company received notices under section 177(1) of the Income Tax Ordinance, 2001 regarding audit of production and consumption of imported raw materials being exempted under Clause 72B of Part IV of 2nd Schedule to the Income Tax Ordinance, 2001 for the Tax Year 2017. The Company duly complied with all the requirements and an audit report dated 29.06.2018 was issued in this regard by the Deputy Commissioner Audit, LTU, Lahore wherein it is observed that Prima Facie the Company is utilizing the imported raw materials in its manufacturing process and the production of the Company appears to be in order and in line with its manufacturing process. The matter is finalized and being closed by the FBR having no future impact on the Company.

- 11.1.5 The Company has filed writ petition No. 8329/2013 and ICA No. 373/2013 before the Hon'ble Lahore High Court, Lahore on 06th April, 2013 against issuance of notice under section 221 of the income tax Ordinance, 2001 for tax year 2012 on the issue of charging of Workers Welfare Fund. This petition came up for hearing before the Hon'ble Court on 8th April, 2013. The Hon'ble Court disposed of the writ petition in favour of the taxpayer, in the light of its own judgment reported as 2011 PTD 2643 in re M/s. East Pakistan Chrome Tannery (Pvt.) Ltd. Against the order of Hon'ble Court, the department filed ICA No. 373 of 2013 on 29th April, 2013. The ICA came up for hearing before the Hon'ble Court on 06th March, 2015. The Hon'ble Court consigned all the cases to record with the permission to parties to seek their revival once the matter is finally decided by the Supreme Court. It is important to point out here that judgment of the Lahore High Court has been upheld by the Supreme Court of Pakistan. Therefore, the legal advisor of the Company is of the opinion that no ICA is pending adjudication on this point. It is however relevant to point out here that Supreme Court has confirmed the order of the Lahore High Court in CP. 1049 of 1055/2011 vide order dated 27th September, 2016 reported as PLD (2016) SC28 in re: Workers' Welfare Funds vs East Pakistan Chrome Tannery.
- 11.1.6 The Company has filed writ petition No. 6786/2010/ICA No. 1 of 2017, CPLA No. 11/2019 before the Hon'ble Lahore High Court, Lahore on 05th April, 2010 against selection of case for audit under section 177 of the Income Tax Ordinance, 2001 for tax year 2009. The writ petition was decided by the Hon'ble Lahore High Court vide order dated 27th May, 2015. The Hon'ble Court held that the notices are validly issued. However, the concerned Commissioners were directed to disclose and communicate reasons for selection of audit to the taxpayers in writing, provide them an opportunity of hearing, decide the objections through reasoned order and thereafter proceed further (if any) justly, fairly and strictly in accordance with law. Against this order ICA No. 1 of 2017 was filed on 24th December, 2016 which has been dismissed by the Hon'ble Court vide order dated 11th April, 2019. Against the said order the Hon'ble Lahore High Court, Lahore CPLA NO. 11/2019 has been filed before the Apex supreme Court

of Pakistan which is pending adjudication. The management and legal advisor of the Company is of the view that this will have no effect on cash flows of the Company.

11.1.7 The Company has received certain notice under Rule 44(4) of Income Tax Rules' 2002 for tax year 2015, 2016 and 2017. These notice required the Company to furnish a reconciliation of the amount of payments made during the year and tax withheld thereon. The Company has duly submitted the required documents and has not received any further notice or order, as at reporting date. The management strongly believes that this would have no impact on operations and cash flows of the Company.

11.1.8 The Company has received notice under Section 161(1A) of Income Tax Ordinance for tax year 2014. The Company has duly submitted a reply with the grounds that such tax charge is not applicable to the Company and management strongly believes that this would have no impact on operations and cash flows of the Company.

11.2 Commitments:

11.2.1 Contracts for Capital expenditure commitments outstanding as at 30 September 2020 amounted to Rs. 288.490 million (30 June 2020: Rs. 36.444 million).

11.2.2 Commitments against irrevocable letters of credit as at 30 September 2020 amounted to Rs. 1,286.6 million (30 June 2020: Rs. 1,112 million).

12 Transactions with related parties

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

13 Date of authorization for issue

These condensed interim financial statements were authorized for issue on 27 October 2020 by the Board of Directors of the Company.

14 Corresponding Figures

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

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

15 General

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



Nooruddin Feerasta
Chief Executive Officer



Shehzad Feerasta
Director



Muhammad Ahsan Iqbal
Chief Financial Officer

rupaligroup.com

RUPALI POLYESTER LIMITED

Registered Office

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