



Quarterly Accounts (Un-audited)
for the 1st Quarter ended
30 September 2021



RUPALI POLYESTER LIMITED

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 Rajwani - 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 Rajwani - 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
Habib Metropolitan Bank Limited	MCB Bank Limited
Soneri Bank Limited	

Auditors

Iqbal Yasir & Co.
Chartered Accountants

Registered Office

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

Plant

30.2 Kilometer Lahore - Sheikhpura Road
Sheikhpura - 39350 PAKISTAN

Directors' Review

On behalf of the Board of Directors, we are pleased to present the Company's un-audited financial statements for the first quarter ended 30 September 2021.

Overview

The quarter July-September 2021 closed on a positive note with the financial results showing consistent growth momentum. This was the result of accelerated recovery in the markets and increased demand by downstream consumers. However, due to world-wide oil prices increasing drastically, the prices of our basic raw materials PTA and MEG have also escalated, adversely impacting the cost of goods sold.

Inflationary pressure mainly because of Pak rupee depreciation against major foreign currencies is devastating to domestic businesses because consumers have exhausted capacity to bear price hike burden which the PSF and PFY manufacturers need to pass on to downstream users. Pak rupee has been hitting new bottom every day since the last few weeks and its free fall is feared to persist unless quick measures are taken to arrest this trend. The recent increase in mark-up rates from 7.00% to 7.25% will also increase the finance cost of domestic manufacturers.

PSF and PFY Market Conditions

The demand from our downstream consumers is increasing with the increase in economic activity in textile sector. In Central Punjab hosiery production season is at its peak. However, some units are still not operational owing to uncertainty around COVID-19. Due to Muharram and Safar falling within the current quarter under review, elastic and lace sectors remained slow and hopefully will return to normal in coming months. Other sectors like jai-namaz, knitting, water jet and grey cloth have shown good demand.

Energy Tariffs

The government's measure to continue the concessional energy tariff for export-oriented sectors is greatly supportive for the entire textile value chain to compete with the low prices of PSF and PFY dumped from China and other countries. It is necessary to continue the concessional electricity and gas tariffs for at least another five years.

Gas Infrastructure Development Cess (GIDC)

The status with respect to the matter of GIDC instalments as given in our Annual Report 2021 is unchanged till date as the matter is in the Court of law. Furthermore, Sui Northern Gas Pipelines Limited has filed an ICA against the decision of the Honorable Lahore High Court pertaining to GIDC arrears for the period prior to May 2015.

Raw Material Prices

The prices of basic and main raw materials have gone up significantly. In September 2020, PTA price was US\$685 per M.Ton whereas it has increased to US\$795 in September 2021. MEG price in September 2020 was US\$ 485 per M.Ton whereas it has now increased to US\$ 720 per M.Ton. The increase in our cost of production is attributable mainly to higher prices of raw materials as well as inflationary impact of other input costs.

Anti-dumping Duty of Polyester Staple Fiber

National Tariff Commission (NTC) concluded the 'sunset and changed circumstances review' of definitive anti-dumping duties imposed in October 2015 for 5 years on dumped imports of PSF (not exceeding 2.0 denier & excluding colored and regenerated Polyester Staple Fibre), (PSF), into Pakistan originating in and/or exporting from the People's Republic of China and published the notice of conclusion in national press and official gazette on 6th October, 2021. These reviews were initiated on 2nd October 2020 on the request of domestic producers of PSF.

After investigation, NTC has decided to continue imposition of definitive anti-dumping duties on imports of PSF from China for a period of 5 years effective from 2nd October 2020 at the rates range from 2.82% to 11.51%.

Financial Results

Sales revenue for Q1 of FY 2021-22 ended 30 September 2021 ALHAMDO LILLAH has substantially increased to Rs.2,248.72 million from Rs.1,531.87 million in Q1 of FY 2020-21. Attributed to increased operational efficiency aimed at economizing the cost of goods sold, gross profit increased to Rs.270.43 million compared to Rs.144.86 million in same quarter of last year. Finance cost decreased to Rs.25.37 million in current quarter from Rs.45.17 million because of decrease in mark-up rates and prudent utilization of bank borrowings.

Your Company has earned profit before tax amounting to Rs.192.23 million against Rs.60.38 million and profit after tax amounting to Rs.159.55 million compared to Rs.37.40 million in same quarter of last year.

Earnings per share also increased to Rs.4.68 from Rs.1.10 in same quarter of last year.

A Note of Gratitude

The Directors 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 for 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 2021

(PSF)، پاکستان میں عوامی جمہوریہ چین سے شروع ہوا اور/یا برآمد کیا گیا اور 6 اکتوبر 2021 کو قومی پریس اور سرکاری گزٹ میں شائع کیا۔ یہ جائزے 2 اکتوبر 2020 کو ملکی پروڈیوسرز کی درخواست پر شروع کیے گئے تھے۔ پی ایس ایف کے تحقیقات کے بعد، NTC نے چین سے PSF کی درآمدات پر 2.82 فیصد سے 11.51 فیصد تک کی شرحوں سے 2 اکتوبر 2020 سے 5 سال کی مدت کے لیے حتمی ایٹنی ڈمپنگ ڈیوٹی کا نفاذ جاری رکھنے کا فیصلہ کیا ہے۔

مالیاتی نتائج

30 ستمبر 2021 کو ختم ہونے والے مالی سال 2021-22 کی پہلی سہ ماہی کے لیے الحمد للہ سیلنڈر ریونیو کافی حد تک بڑھ کر 2,248.72 ملین روپے ہو گیا ہے جو مالی سال 2020-21 کی پہلی سہ ماہی میں 1,531.87 ملین روپے تھا۔ فروخت شدہ سامان کی لاگت کو کم کرنے کے مقصد سے موثر آپریشنل کارکردگی سے، خام منافع گزشتہ سال کی اسی سہ ماہی میں 144.86 ملین روپے سے بڑھ کر 270.43 ملین روپے ہو گیا۔ مالیاتی لاگت پچھلے سال کی اس سہ ماہی میں 45.17 ملین روپے سے کم ہو کر 25.37 ملین روپے ہو گئی کیونکہ مارک اپ کی شرحوں میں کمی اور بینک قرضوں کے دانشمندانہ استعمال کی وجہ ہے۔

آپ کی کمپنی نے 60.38 ملین روپے کے مقابلے میں 192.23 ملین روپے قبل از ٹیکس منافع کمایا ہے اور پچھلے سال کی اسی سہ ماہی میں 37.40 ملین روپے کے مقابلے میں 159.55 ملین روپے بعد از ٹیکس منافع کمایا ہے۔

فی شیئر آمدنی بھی پچھلے سال کی اسی سہ ماہی میں 1.10 روپے سے بڑھ کر 4.68 روپے ہو گئی۔

اظہار تشکر

ڈائریکٹرز نے مالیات، محصولات اور اقتصادی امور، صنعت و پیداوار، مواصلات و تجارت اور ٹیکسٹائل کی وزارتوں کی طرف سے فراہم کردہ تعاون کی تعریف کی۔ ہم فیڈرل بورڈ آف ریونیو اور حکومت پنجاب کا بھی ان کے تعاون پر شکریہ ادا کرنا چاہیں گے۔ ہم ترقیاتی مالیاتی اداروں اور تجارتی بینکوں کی طرف سے کمپنی پر دی گئی سرپرستی اور اعتماد کی تعریف کرتے ہیں۔ ہم اپنے قابل قدر صارفین کے شکرگزار ہیں اور ان کے ساتھ بڑھتے ہوئے کاروباری تعلقات کی توقع کرتے ہیں۔ اپنے اسٹیک ہولڈرز کے، ہم کمپنی پر ان کے اعتماد کے لیے شکرگزار ہیں۔ ہم ہر سطح پر ملازمین کے تعاون کی تعریف کرتے ہیں۔ جیلنجنوں سے نمٹنے کے لیے ہماری پلک ان کی محنت، جگہتی، تعاون اور حمایت سے ممکن ہوئی۔

منجانب بورڈ آف ڈائریکٹرز



شیرا فیاز
ڈائریکٹر



نورالدین فیاز
چیف ایگزیکٹو آفیسر

لاہور:

۱۲ اکتوبر ۲۰۲۱

ڈائریکٹران کا جائزہ

کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے، ہمیں 30 ستمبر 2021 کو ختم ہونے والی پہلی سہ ماہی کے غیر پڑتا مال شدہ مالی گوشوارے پیش کرتے ہوئے خوشی محسوس ہو رہی ہے۔

مجموعی جائزہ

جولائی - ستمبر 2021 کی سہ ماہی بہت مثبت نتائج کے ساتھ بند ہوئی اور نمو میں تسلسل رہا۔ یہ مارکیٹ میں تیزی سے بحالی اور صارفین کی طرف سے بڑھتی ہوئی مانگ کا نتیجہ تھا۔ تاہم، عالمی سطح پر تیل کی قیمتوں کی وجہ سے ہمارے بنیادی خام مال PTA اور MEG کی قیمتوں میں اضافہ ہوا ہے جس سے فروخت شدہ اشیا کی لاگت پر مبنی اثر پڑ رہا ہے۔

بڑی غیر ملکی کرنسیوں کے مقابلے میں پاکستانی روپے کی قدر میں کمی کی وجہ سے افراط زر کا دباؤ مقامی کاروبار کو تباہ کر رہا ہے کیونکہ مقامی صارفین قیمتوں میں اضافے کا بوجھ برداشت کرنے کی صلاحیت ختم کر چکے ہیں جسے PSF اور PFY مینوفیکچررز ڈمپ شدہ مصنوعات کے ساتھ سخت مقابلے کی وجہ سے صارفین تکچائے۔ گزشتہ چند ہفتوں سے پاکستانی روپیہ ہر روز نئی تہ کو چھو رہا ہے اور اگر اس رجحان کو روکنے کے لیے فوری اقدامات نہ کیے گئے تو اس کی گراؤ برقرار رہنے کا خدشہ ہے۔ مارک اپ کی شرح میں حالیہ 7.00% سے 7.25% ہونے سے مقامی صنعت کاروں کی مالیاتی لاگت میں اضافہ ہوگا۔

PSF اور PFY مارکیٹ کے حالات

ٹیکسٹائل کی برآمدات میں اضافے کے ساتھ ہمارے صارفین کی مانگ بڑھ رہی ہے۔ وسطی پنجاب میں ہوزری کی پیداوار کا موسم اپنے عروج پر ہے۔ تاہم COVID-19 کے بارے میں غیر یقینی صورتحال کی وجہ سے کچھ یونٹ ابھی تک کام نہیں کر رہے ہیں۔ زیر نظر سہ ماہی میں محرم اور صفر کی وجہ سے، الاسٹک اور لیس کلکسٹرسٹ رہے اور امید ہے کہ آئے والے مہینوں میں معمول پر آجائیں گے۔ دیگر شعبوں جیسے جانے نماز، بنائی، دائرہ جیٹ اور خام کپڑے نے اچھی مانگ دکھائی ہے۔

توانائی کے نرخ

برآمدات پر مبنی شعبوں کے لیے رعایتی توانائی کے ٹیرف کو جاری رکھنے کا حکومتی اقدام ٹیکسٹائل کی پوری ویلیو چین کے لیے جبین اور دیگر ممالک سے کم گریڈ PSF اور PFY کی مسابقتی قیمتوں کا مقابلہ کرنے کے لیے بہت معاون ہے۔ رعایتی بجلی اور گیس کے نرخوں کو کم از کم مزید پانچ سال تک جاری رکھنا ضروری ہے۔

گیس انفراسٹرکچر ڈیولپمنٹ سیس (GIDC)

ہماری سالانہ رپورٹ 2021 میں دی گئی آئی ڈی سی قسطوں کے معاملے میں مزید کوئی پیش رفت نہیں کی گئی ہے کیونکہ معاملہ عدالت میں ہے۔ مزید برآں، سوئی ناردرن گیس پائپ لائنز لمیٹڈ نے مئی 2015 سے پہلے کی مدت کے GIDC بتایا جات سے متعلق معزز لاہور ہائی کورٹ کے فیصلے کے خلاف ICA دائر کر دی ہے۔

خام مال کی قیمتیں۔

بنیادی خام مال کی قیمتیں بہت بڑھ گئی ہیں۔ ستمبر 2020 میں پی ٹی اے کی قیمت 685 امریکی ڈالر فی میٹرک ٹن تھی جبکہ ستمبر 2021 میں یہ بڑھ کر 795 امریکی ڈالر ہو گئی ہے۔ ستمبر 2020 میں MEG کی قیمت 485 امریکی ڈالر فی میٹرک ٹن تھی، اب یہ بڑھ کر 720 امریکی ڈالر فی میٹرک ٹن ہو گئی ہے۔ ہماری پیداواری لاگت میں اضافہ بنیادی طور پر خام مال کی بڑھتی ہوئی قیمتوں کے ساتھ ساتھ دیگر لاگت کے افراط زر کے اثرات سے منسوب ہے۔

پولیسٹر شیل فابریکیشن ڈمپنگ ڈیوٹی

نیشنل ٹیرف کمیشن (NTC) نے اکتوبر 2015 میں پولیسٹر شیل فابریک ڈمپ شدہ درآمدات (کچھ استثنائی اقسام کے ساتھ) پر 5 سال کے لیے عائد کردہ حتمی اینٹی ڈمپنگ ڈیوٹی کا جائزہ مکمل کیا۔

Condensed Interim Statement of Financial Position (Un-audited) as at 30 September 2021

Rupees in thousand	Note	Un-audited 30 Sep 2021	Audited 30 June 2021
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		3,071,494	3,089,935
Investment properties	5	602,000	602,000
Long-term security deposits		4,281	4,281
		3,677,775	3,696,216
CURRENT ASSETS			
Stores, spares and loose tools		1,011,665	1,025,135
Inventories		1,294,729	1,365,309
Trade receivables		36	24
Advances, deposits and other receivables		641,132	338,433
Other financial assets		-	-
Tax refunds due from government		51,826	46,697
Cash and cash equivalents		13,597	29,739
		3,012,985	2,805,337
TOTAL ASSETS		6,690,760	6,501,553
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 35,000,000 (30 June 2020: 35,000,000) ordinary shares of Rs. 10 each		350,000	350,000
Issued, subscribed and paid up capital		340,685	340,685
Capital reserves		71,490	71,490
Revenue reserves		914,193	754,640
Revaluation reserve		1,719,056	1,719,056
		3,045,424	2,885,871
NON-CURRENT LIABILITIES			
Deferred tax liabilities		250,502	250,502
Borrowings	6	-	-
Deferred liability - net staff gratuity		181,349	181,349
		431,851	431,851
CURRENT LIABILITIES			
Trade and other payables	7	1,650,846	1,354,397
Contract liabilities		32,513	10,829
Current portion of non-current liabilities		94,369	94,369
Payable to related parties		583,119	583,119
Short term borrowing	8	768,551	1,053,644
Payable to government authority	9	61,338	65,824
Accrued markup on borrowings		21,008	19,908
Unclaimed dividend		1,741	1,741
		3,213,485	3,183,831
CONTINGENCIES AND COMMITMENTS	10		
TOTAL LIABILITIES		3,645,336	3,615,682
TOTAL EQUITY AND LIABILITIES		6,690,760	6,501,553

The annexed notes 1 to 14 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 2021

Rupees in thousand	Quarter Ended	
	Sep 2021	Sep 2020
Sales	2,248,718	1,531,873
Cost of goods sold	(1,978,289)	(1,387,017)
Gross profit	270,429	144,856
Selling and distribution expenses	(5,184)	(4,121)
Administrative and general expenses	(41,237)	(34,212)
Other operating charges	(20,121)	(10,122)
	(66,542)	(48,455)
Other operating income	13,717	9,123
Operating Profit	217,604	105,524
Finance cost	(25,372)	(45,146)
Profit before taxation	192,232	60,378
Taxation	(32,679)	(22,978)
Profit after taxation	159,553	37,400
	Amount in Rupees	
Earnings per share - basic and diluted	4.68	1.10

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.



Nooruddin Feerasta
Chief Executive Officer



Shehzad Feerasta
Director



Muhammad Ahsan Iqbal
Chief Financial Officer

Condensed Interim Statement of other Comprehensive Income (Un-audited) for the quarter ended 30 September 2021

Rupees in thousand	Quarter Ended	
	Sep 2021	Sep 2020
Profit after taxation	159,553	37,400
Other comprehensive income	-	-
Total comprehensive income	159,553	37,400

The annexed notes 1 to 14 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 2021

Rupees in thousand	Quarter Ended	
	Sep 2021	Sep 2020
Cash generated from operations		
Profit before taxation	192,232	60,378
Adjustments for non-cash and other items		
Depreciation	36,528	43,629
Provision for staff retirement benefits	5,276	35
Profit on Bank deposits	(742)	(1,754)
Workers welfare fund	4,164	1,572
Workers profit participation fund	10,957	3,261
Finance cost	25,372	45,146
	81,555	91,889
Effect on cash flow due to working capital changes		
(Decrease) / Increase in current assets:		
Stores, spares and loose tools	13,470	272,730
Inventories	70,580	(157,297)
Trade receivables	(12)	772
Advances, deposits and other receivables	(302,699)	(159,622)
Trade deposits and short term prepayments	-	(727)
	(218,661)	(44,144)
(Increase) / Decrease in current liabilities		
Trade and other payables	281,328	13,940
Contract liabilities	21,684	13,633
Payable to Govt Authorities	(4,486)	(4,833)
	298,526	22,740
Cash generated from operations	353,652	130,863
Finance cost paid	(24,272)	(36,843)
Income tax paid	(37,808)	(14,686)
Staff retirement benefits paid	(5,276)	(35)
Profit received	742	1,754
Net Cash inflow from operating activities	287,038	81,053

Condensed Interim Cash Flow Statement (Un-audited)

for the quarter ended 30 September 2021

Rupees in thousand	Quarter Ended	
	Sep 2021	Sep 2020
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	(18,087)	(18,001)
Long term deposits	-	-
Net cash outflow from investing activities	(18,087)	(18,001)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term financing	-	-
Dividend paid	-	-
Short - term borrowings	(285,093)	(361,173)
Net cash outflow from financing activities	(285,093)	(361,173)
Net increase / (decrease) in cash and cash equivalents	(16,142)	(298,121)
Cash and cash equivalents at the beginning of the period	29,739	310,633
Cash and cash equivalents at the end of the period	13,597	12,512

The annexed notes 1 to 14 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 2021

Rupees in thousand

	Issued subscribed and paid- up capital	Capital Reserve Share premium	Revenue Reserves			Total
			General reserve	Accumulated Loss	Surplus on Revaluation of freehold land	
Balance as on 01 July 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
Balance as on 01 October 2020	340,685	71,490	1,664,125	(1,325,354)	1,719,056	2,470,002
Profit for last 3 quarters ended 30 June 2021	-	-	-	415,812	-	415,812
Dividend for the year 2020	-	-	-	-	-	-
Other comprehensive income for the year ended 30 June 2021	-	-	-	57	-	57
Balance as on 30 June 2021	340,685	71,490	1,664,125	(909,485)	1,719,056	2,885,871
Balance as on 01 July 2021	340,685	71,490	1,664,125	(909,485)	1,719,056	2,885,871
Profit for 1st Quarter ended 30 September 2021	-	-	-	159,553	-	159,553
Other comprehensive income for 1st Quarter ended 30 September 2021	-	-	-	-	-	-
Balance as on 30 September 2021	340,685	71,490	1,664,125	(749,932)	1,719,056	3,045,424

The annexed notes 1 to 14 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 2021

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 2021.

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 2021 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 2021, 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 2021.

Rupees in thousand	Un-audited 30 Sep 2021	Audited 30 June 2021
5 Investment property		
Fair value at the beginning of the period/year	602,000	602,000
Transfer from owners' occupied property		
Disposal of investment property		
- Freehold land		
Carrying amount at the date of transfer	-	-
Surplus on revaluation at the date of transfer	-	-
Fair value at the date of transfer	-	-
Fair value gain during the period/year	-	-
Fair value at the end of the period/year	602,000	602,000

The fair value of investment property was determined at 30 June 2021 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.

6 Borrowing

From banking companies - secured		
- Utilized under mark-up arrangement	-	-
Current portion shown under current liabilities	94,369	94,369
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 two instalments are outstanding as at reporting date.

Rupees in thousand	Un-audited 30 Sep 2021	Audited 30 June 2021
7 Trade & Other Payable		
Trade payables	1,072,978	1,147,267
Accrued liabilities	121,380	111,072
Sales tax payable	370,115	24,697
Withholding tax payables	506	495
Retention money	957	957
Provident fund payable	636	312
Worker's profit participation fund	56,862	45,904
Worker's welfare fund	19,540	15,376
Other payables	7,872	8,317
	<u>1,650,846</u>	<u>1,354,397</u>
8 Short term borrowings		
From Banking Companies - Secured		
Running Finances under Mark-up arrangements from banks	768,551	1,053,644
Deferred payments under markup arrangements from bank	-	-
	<u>768,551</u>	<u>1,053,644</u>
9 Payable to government authority		
Gas Infrastructure Development Cess (GIDC)	61,338	65,824
	<u>61,338</u>	<u>65,824</u>

10 Contingencies and commitments**10.1 Contingencies:**

- (a) The Company received notice under section 177(6) of Income Tax Ordinance, 2001. The Company has duly complied with the requirements and has not received any further notice nor yet received any order in this respect. The matter is pending and the management strongly believes that this will have no impact on the cash flows of the Company.
- (b) The Company has received certain notices under Rule 44(4) of Income Tax Rules 2002 for tax years 2015, 2016 and 2017. These notices 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. Tax Year 2015 - Case is remanded back by Commissioner Appeals. No demand in field till date. Tax Year 2016 - Information is submitted. No Final Order is passed by FBR Tax Year 2017 - Information is submitted. No final order is passed by FBR The management strongly believes that this would have no impact on operations and cash flows of the Company.

- (c) 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 no final order has been passed by FBR yet. The management strongly believes that this would have no impact on operations and cash flows of the Company.
- (d) The Additional Collector Sales Tax passed order in original no. 04/2000 dated 31.08.2000 wherein he charged the sales tax on supplies to associated undertakings Rs. 484,279, input on diesel consumed in production of electricity Rs. 1,790,250 and Output tax on waste and scrap Rs. 839,014 (Total Rs. 3,113,543). The above case came before Lahore High Court and the Honourable Court dismissed the appeal of the Company vide order dated 06.10.2020 on technical grounds without addressing the merits of the case. Against said order, the Company has filed CPLA before Supreme Court of Pakistan the proceedings of which are still pending as at the date of statement of financial position.
- (e) The supplies made by the Company to its customers of Azad Jammu and Kashmir (AJ&K), during the period from November, 1997 to June, 1998, were treated as exports being zero rated u/s-4 of the Sales Tax Act, 1990. However, the Deputy Collector (Refund) vide his order in original no. 32/2001 dated 27.06.2001 adjudged that as the appellant has not followed the procedure described u/s-131 of the Custom Act, 1969 so the supplies made to AJ&K from Pakistan cannot be treated as exports being zero rated u/s-4 ibid. The amount of impugned sales tax demand is Rs. 19,404,249/- which was already deposited by the Company vide challans dated 15.06.1998 & 29.06.1998. The proceedings of the said case are still pending in Appellate Tribunal Inland Revenue (ATIR), Lahore as at the date of statement of financial position.

- (f) 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 has granted leave and CPLA is converted in CP, against which hearing is awaited. No Tax Liability / demand is involved in this case. Its matter of selection of audit which has been challenged alongwith several other taxpayers. The management and legal advisor of the Company is of the view that this will have no effect on cash flows of the Company. Leave to Appeal has been granted by the Supreme Court in the above case and CPLA is converted in CP, against which hearing is awaited as at the date of statement of financial position. No Tax Liability / demand is involved in this case. Its matter of selection of audit which has been challenged alongwith several other taxpayers.
- (g) Certain Ex-Employees of the Company have filed cases with in authority under Payment of Wages Act, 1936. This collectively amounts to Rs. 3.258 million (2021: Rs. 3.258 million. The legal advisor is of the view that the Company will have no liability in this respect.
- (h) During the year, Gas Infrastructure Development Cess (Amendment) Ordinance 2019 was promulgated, however, the same was subsequently recalled by the government with request to the Supreme Court of Pakistan (SCP) for settlement of the matter judicially. The decision to be made by the SCP would impact all pending appeals in various High Courts, therefore, it invited intervener applications to join the proceedings. Subsequent to reporting date, the SCP has decided the case in favour of government on August 13, 2020. Accordingly, the

Company made provision of Rs: 155 million in financial statements for the year ended June 30, 2020. The Company however filed a writ petition no. 42283 of 2020 in the Lahore High Court against the levy of GIDC and the Honourable Lahore High Court vide its order dated 15 September 2020 issued stay order as the management is of the view and under proviso to section 8(2) of the GIDC Act, 2015 it was not liable to pay the cess since it has not collected nor passed on the same to its customers. Finally The Lahore High Court vide its order dated 17 June 2021 has decided the petitions in favour of Rupali against the arrears of GIDC prior to 2015. The court declared the recovery of the Cess in question before the year 2015 as illegal. The Court further directed SNGPL to generate new bills and shall be paid by the petitioners who shall discharge from liability for the use of gas. It is made clear that the Cess shall not form part of the SNGPL gas bills. Resultantly the aforementioned liability of Rs. 155 million has been reduced by Rs. 35.965 million being the amount of GIDC belonging to period prior to 2015. The company has made 11 monthly payments of Rs. 4,959,786 each to SNGPL till September 30, 2021 and rest of the payment is suspended in the wake of Stay Order granted by Sindh High Court on payment of GIDC.

- (i) A Goods Declaration of Import was claimed repeatedly due to duplication of data by customs authorities. The Deputy Commissioner, Large Taxpayers Office, Lahore, charged 100% penalty and default surcharge u/s-33 and 34 of the Sales Tax Act, 1990 vide his order no. ST-02/2020 dated 03.12.2020. The total amount of penalty and default surcharge as charged in the order was Rs. 1,823,542/- The said order was challenged before Commissioner Inland Revenue Appeals, Lahore who vide his order no. 20/A dated 25.06.2021 deleted the demand of penalty to the extent of 95% of the total demand. However rest of the penalty of 5% alongwith default surcharge was upheld by the first appellate authority. Being aggrieved, the Company has filed an appeal on 16.07.2021 before ATIR which is pending as at the date of statement of financial position.
- (j) The Company was selected for audit for the Tax year 2006 wherein certain additions were made along with default of taxes which were impugned before the appellate forums provided under law. The impugned demand of tax payable, adjudged up to the level of The Appellate Tribunal Inland Revenue (ATIR), was forcefully adjusted by FBR from Refund Payment Order no. 24453/2011 dated

09.04.2011 related to tax period June, 2010. However, the appeals before all available forums were filed by the Company till the case is finally decided by Supreme Court vide order against Civil Petition No. 1422-L of 2017 wherein the Apex Court accepted the appeal of the Company except the points regarding addition on account of provision for Gratuity u/s-21(e) and Withholding tax default on supply of local Store Items to sister concerns. The amount of tax involved in above points is Rs. 9,644,870/- Review petition against above points is filed before the Apex Court in May, 2021. As at the date of statement of financial position, the hearing of review petition is still pending before Supreme Court of Pakistan.

- (k) The Additional Commissioner made addition of Rs. 914,000/- on account of provision of doubtful receivables, u/s-122(5A) of the Income Tax Ordinance, 2001 which was challenged by the Company before Commissioner Income Tax (Appeals), Zone-I, Lahore who vide his order dated 15.08.2006 deleted the said addition. Being aggrieved, FBR filed appeal before Income Tax Appellate Tribunal Lahore but the same is dismissed by ATIR and the order of first appellate authority was upheld. Then FBR filed Income Tax Reference before Lahore High Court vide PTR NO. 36/2009 which is still pending. Above tax reference is filed by FBR before Lahore High Court which is pending as at the date of statement of financial position.

10.2 Warranties / Guarantees provided by the company

- (a) Guarantees issued to different organizations in the normal course of business amounted to Rs. 120.375 million (2021: Rs. 120.375 million).

10.3 Commitments:

- (a) Contracts for Capital expenditure commitments outstanding as at 30 September 2020 amounted to Rs. 218.276 million (30 June 2021: Rs. 284.101 million).
- (b) Commitments against irrevocable letters of credit as at 30 September 2020 amounted to Rs. 1,073 million (30 June 2021: Rs. 1,229 million).

11 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.

12 Date of authorization for issue

These condensed interim financial statements were authorized for issue on 27 October 2021 by the Board of Directors of the Company.

13 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.

14 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

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