

ANNUAL REPORT 2020



RUPALI POLYESTER LIMITED



Cover Story

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.

Contents

02	Corporate Data
04	Our Vision
05	Our Mission
06	Our Core Values
07	Company Profile
08	Financial Highlights
12	Chairman's Review
13	Directors' Report to the Shareholders
38	Notice of Meeting
42	Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019
44	Review Report to the Members on Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019
45	Independent Auditors' Report to the Members
52	Statement of Financial Position
53	Statement of Profit or Loss
54	Statement of other Comprehensive Income
55	Statement of Cash Flows
56	Statement of Changes In Equity
57	Notes to the Financial Statements
96	Pattern of Shareholding
-	Form of Proxy

Corporate Data

Board of Directors

Chairman / Chief Executive Officer

Nooruddin Feerasta

Directors

Muhammad Rashid Zahir - Non-Executive

Yaseen M. Sayani - Non-Executive

Shehzad Feerasta - Non-Executive

Abdul Hayee - Executive

Amyna Feerasta - Non-Executive

Sultan Ali Rajwany - Non-Executive

Zeeshan Feerasta - Non-Executive

Audit Committee

Yaseen M. Sayani - Chairman

Muhammad Rashid Zahir - Member

Zeeshan Feerasta - Member

Human Resource & Remuneration Committee

Sultan Ali Rajwany - Chairman

Nooruddin Feerasta - Member

Zeeshan Feerasta - Member

Chief Financial Officer

Amjad Rahil

Company Secretary

S. Ghulam Shabbir Gilani

Bankers

Askari Bank Limited

Faysal Bank Limited

MCB Bank Limited

Bank Alfalah Limited

Habib Bank Limited

Soneri Bank Limited

Auditors

Qavi & Co.

Chartered Accountants

Registered Office

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

Plant

30.2 Kilometer Lahore - Sheikhpura Road
Sheikhpura - 39350 PAKISTAN



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.



TODAY



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.

TOMORROW

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 fulfil 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. 6,765 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 with a capacity of 28 M. Tons per day at a cost of around Rs.162 million. 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.

ALHAMDO 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

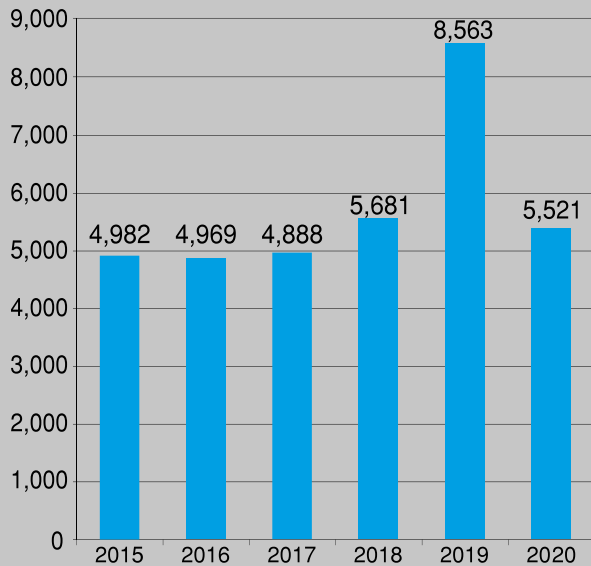
Particulars	UOM	2020	2019	2018	2017
Profit and Loss Account					
Sales - Net	Rs. in thousand	5,914,249	9,053,741	6,044,111	5,025,401
Cost of sales	Rs. in thousand	5,520,731	8,562,629	5,680,917	4,887,698
Gross Profit	Rs. in thousand	393,518	491,112	363,194	137,703
Operating profit	Rs. in thousand	341,768	342,664	234,689	(9,384)
Profit before tax	Rs. in thousand	108,801	174,302	115,822	(123,064)
Profit after tax	Rs. in thousand	33,510	54,975	64,553	(120,083)
Income tax - current	Rs. in thousand	88,714	95,670	60,479	43,937
- prior years	Rs. in thousand	453	574	266	(35,369)
- deferred	Rs. in thousand	(13,876)	23,083	(9,477)	(11,549)
Dividend					
Cash dividend	Rs. in thousand	34,068	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	2,078,613	2,060,942	1,996,389
Shareholders equity	Rs. in thousand	2,432,602	2,419,298	2,401,627	2,337,074
No. of ordinary shares	Numbers	34,068,514	34,068,514	34,068,514	34,068,514
Non-Current liabilities	Rs. in thousand	534,878	539,687	554,584	592,176
Current liabilities	Rs. in thousand	3,797,067	3,055,610	2,939,533	2,799,721
Property, Plant and Equipment	Rs. in thousand	3,082,353	3,295,511	3,201,449	2,971,353
Capital work-in-progress	Rs. in thousand	10,402	64,020	234,019	7,972
Long term investments/loans/deposits	Rs. in thousand	4,281	4,396	4,396	4,396
Current assets	Rs. in thousand	3,110,413	2,252,188	2,252,399	2,353,222
Net current assets	Rs. in thousand	(686,544)	(803,422)	(687,134)	(446,499)
Total liabilities	Rs. in thousand	6,764,547	6,014,595	5,895,744	5,728,971
Total Assets	Rs. in thousand	6,764,547	6,014,595	5,895,744	5,728,971
Ratio Analysis					
Gross profit	Percentage	6.65	5.42	6.01	2.74
Net profit	Percentage	0.57	0.61	1.07	(2.39)
Inventory turnover	Times	7	10	7	8
Cash dividend per share	Rupees	-	1	1	-
Debt : equity ratio		4 : 96	4 : 96	6 : 94	7 : 93
Break-up value per share	Rupees	71.40	71.01	70.49	68.60
Market value per share at the end of the year	Rupees	13.20	27.55	29.50	19.25
Production volume					
Production capacity	M. Tons	22,100	22,100	22,100	22,100
Production achieved	M. Tons	26,493	38,495	31,578	31,181
Capacity utilization	Percentage	120	174	143	141
Employees	Numbers	1,344	1,468	1,323	1,230

2016	2015	2014	2013
4,890,041	4,841,940	5,952,659	6,091,802
4,969,175	4,982,459	6,219,222	6,317,322
(79,134)	(140,519)	(266,563)	(225,520)
(135,807)	(140,519)	(361,421)	(275,782)
(270,919)	(401,098)	(479,858)	(357,747)
(333,478)	(384,447)	(403,284)	(436,600)
48,900	-	-	30,459
-	-	(30,459)	565
13,659	(16,651)	(46,115)	47,829
-	-	-	-
-	-	-	-
340,685	340,685	340,685	340,685
1,735,615	1,735,615	1,735,615	1,735,615
1,032,799	1,366,277	1,462,789	1,866,073
34,068,514	34,068,514	34,068,514	34,068,514
649,133	658,917	516,553	411,166
2,704,858	2,263,206	2,075,711	1,393,461
1,637,969	1,729,858	1,630,402	1,578,010
32,286	17,945	98,324	37,110
4,361	4,361	4,361	4,281
2,344,460	2,229,181	2,420,290	2,088,409
(360,398)	(34,025)	344,579	694,948
4,386,790	4,288,400	4,055,053	3,670,700
4,386,790	4,288,400	4,055,053	3,670,700
(1.62)	(2.90)	(4.47)	(3.70)
(6.82)	(7.94)	(6.77)	(7.17)
8	6	7	6
-	-	-	-
19 : 81	17 : 83	9 : 91	0 : 100
30.32	40.03	42.94	54.77
8.98	12.00	17.10	23.30
22,100	22,100	22,100	22,100
31,951	26,859	28,491	30,855
145	121	129	140
1,198	1,251	968	1,001

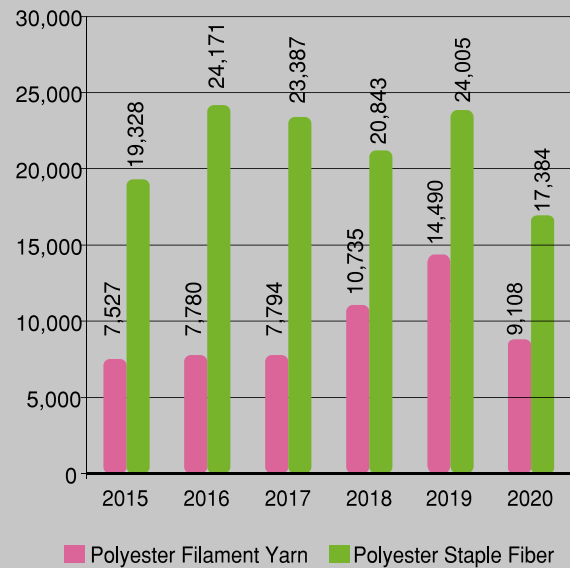
A smooth sea does not make a skillful sailor.

Graphical Presentation

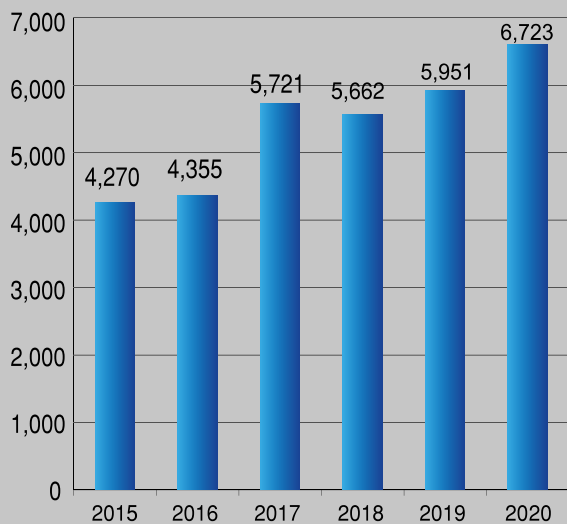
Cost of Sales
(Rs. in Million)



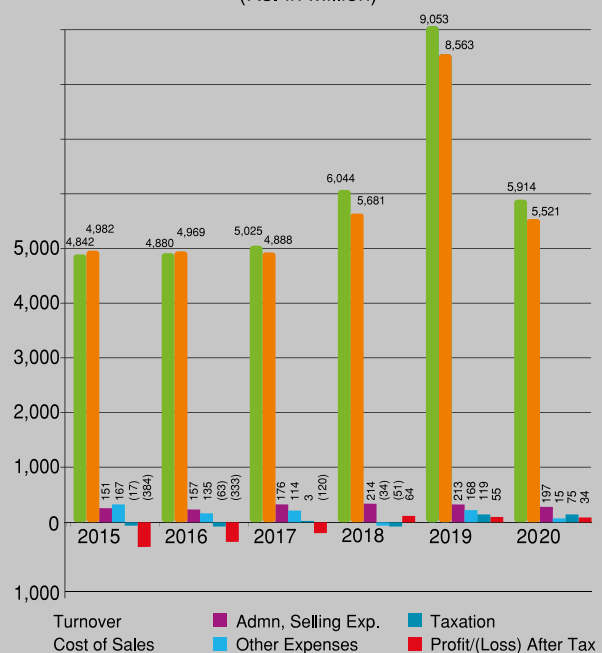
Production
(M. Tons)



Gross Assets Employed
(Rs. in Million)

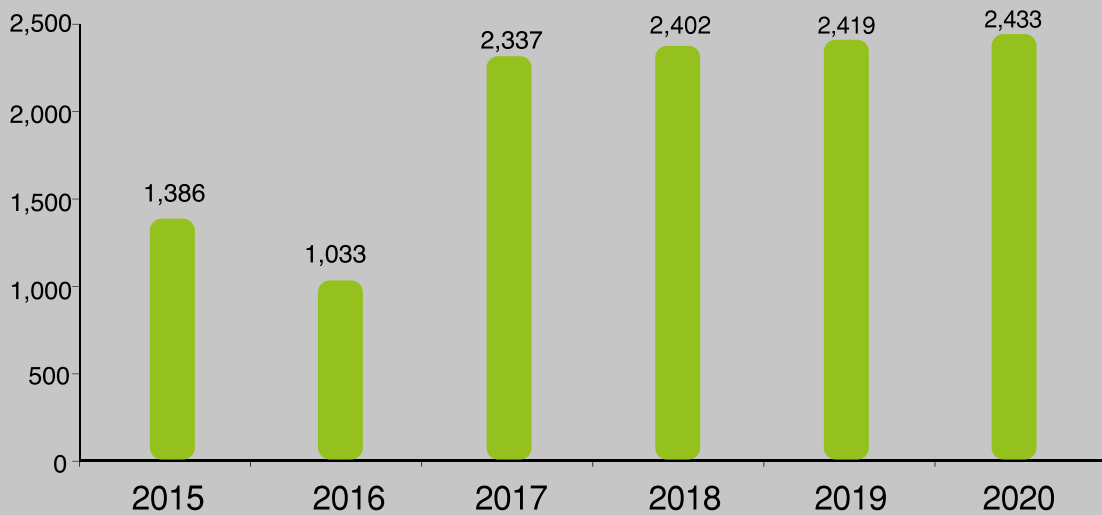


Profitability
(Rs. in Million)

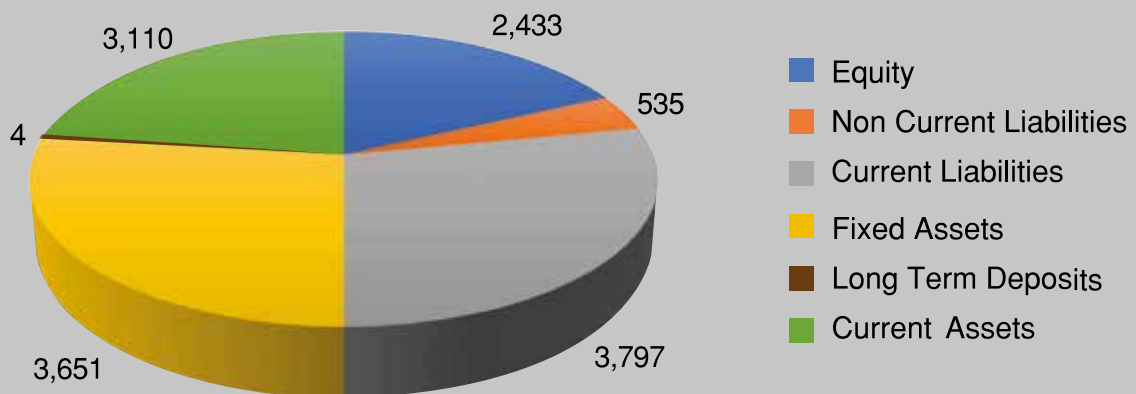


Graphical Presentation

Shareholders Equity (Rs. in Million)



Financial Position 2020 (Rs. in Million)



Chairman's Review

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

Amidst COVID-19 the Company performed well and the financial position during the financial year 2019-20 remained quite satisfactory.. The world is still facing challenges of COVID-19 pandemic. It has created considerable uncertainty and is expected to have a lasting effect on the global economy. As a result, economic growth has slowed down globally and it appears unlikely that a moderate pace of growth can be envisaged in the near future. The last quarter of the year ended 30 June 2020 was badly suffered as our plant operations remained totally shut under the directions of Government of the Punjab and entire chain of raw material supply was standstill due to which, the overall sales revenues and gross profit reflected a decline.

The overall performance of the Company for FY 2019-20 has been described in detail in the Directors' Report. The future action plan of the Company after the COVID-19 will be set as the Board may advise. Primarily the policy framework and guidelines of the Board are implemented by the Company 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. The Board put in place transparent and robust system of governance, more specifically under the Listed Companies (Code of Corporate Governance) Regulations, 2019.
5. 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.
6. The Board members offered the diversity and right mix of independent and non-executive directors including female director in compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019.

Nooruddin Feerasta
Chairman

Lahore: 23 September 2020



Directors' Report to the Shareholders

On behalf of the Board of Directors, we are pleased to welcome you to the fortieth annual general meeting and present the annual report and the audited financial statements of the Company for the year ended 30 June 2020 together with the auditors' report.

Financial Results:

	Rupees in thousand
Profit before taxation	108,801
Taxation	(75,291)
Profit after taxation	33,510
	Rupees
Earnings per share – basic and diluted	0.98

Overview

We are pleased to report that amidst pandemic jeopardy, the Company performed well and despite lockdown and suspension of operations for about two months before the year-end, the results for the Financial Year (FY) 2019-20 remained encouraging and the Company earned a gross profit of Rs.393.51 million against gross profit of Rs.491.11 million in FY 2018-19. The economic slowdown and uncertainty induced by COVID-19 pandemic along with consequential country wide lockdown were the primary factors which affected the revenues in the later part of the year under review.

COVID-19 has exposed fragility and systemic gaps in many key systems. Government took steps for strengthening social and economic protection. Our plant operations remained suspended. This virus severely impacted industrial economic growth and caused disruption in raw material supply chain across the country whereby our production and sales targets for the year under review were massively disturbed.

Trade globally reflected downward graph which will affect the world economy and its retrieval to normalcy will take considerable time.

Polyester Filament Yarn (PFY) and Polyester Staple Fiber (PSF) is an important raw material for weaving, knitting, spinning and home textiles from domestic as well as exports purview. Both the domestic industries need protection in shape of anti-dumping duty on imported PFY and PSF for providing a legitimate level playing field in the competitive environment. Any reduction in the withholding tax on commercial

importers (as was done from 3% to 2% under erstwhile SRO 1125) will have direct injurious bearing on domestic industry.

PSF and PFY Market Condition

As stated earlier, the FY 2019-20 faced an unusual period in history because the Coronavirus pandemic has unleashed an unprecedented situation in the markets including the PSF and PFY market in the country. The PFY market faced many upheavals since July 2019 due to multiple factors, mainly the taxation structure and CNIC condition for the unregistered traders and retailers, stiff competition with dumped imports and demand-supply imbalances, resulting in reduction of rates of our PFY sales. The dumped products demand during July to September 2019 was relatively on the high side because of low rates compared to domestic products as GST was levied on domestic products. From November 2019, with the relaxation of CNIC condition for traders, the demand of domestic product reverted back to increasing trend.

Till mid March 2020 sales for nine months were comparable to preceding periods, however, thereafter sales decreased because of no demand from our downstream consumers in the months of April and May 2020. In June 2020 the situation started turning towards betterment and the market behavior has gradually normalized. It is expected that results in coming periods will improve and we envisage to cover up the lockdown gap in terms of increased sales in coming months, provided the existing tariffs on gas and electricity and anti-dumping duties on imported PFY are not disturbed.

Energy Tariff for export-oriented (five erstwhile zero-rated) sectors

The government extended a special relief package comprising all-inclusive rate of 7.5 cents per unit and US\$ 6.5 per MMBTU from 1 July 2019 against regional competitiveness. The Chinese suppliers are dumping their products in Pakistan which are adversely affecting the domestic PFY Industry. This concession reduced our cost of production enabling us to compete with the imported PFY prices. It is important that the concessional electricity and gas tariffs continue at least for another three years.

We seek attention of the government to the following concerns which directly impact the production cost: (i) continuation of regionally competitive energy tariffs; Cents 7.5/ kWh for power, \$ 6.5/ MMBTU RLNG and Rs 786/ MMBTU domestic natural gas for export oriented sectors;(ii) financing scheme on pattern of new industry financing for reviving the capacity which is currently closed and (iii) 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)

GIDC was imposed by the Federal Government in December 2011 under the GIDC Act 2011 for development of gas infrastructure in the country. This was promptly challenged in the Honourable Peshawar High Court that declared it unconstitutional as it was not a money bill and directed that the amount so collected be refunded. The government appealed in the Honourable Supreme Court of Pakistan that upheld the decision of the high court. The government legislated GIDC Act 2015 in 2015. A large number of industrial consumers filed petitions / appeals in the Honourable Supreme Court of Pakistan and the Honourable Supreme Court gave its judgment on 13 August 2020 in favour of the Appellant Government. The country's textile sector using gas as input for power generation, would have to bear a huge financial burden.



The Honorable Supreme Court of Pakistan in the Civil Appeals No. 1113 to 1155 of 2017 gave its verdict dated 13 August 2020 declaring the levy imposed under Gas Infrastructure Development Cess Act, 2015 in accordance with the provisions of the Constitution.

The Honorable Supreme Court of Pakistan also declared the provisions of Section 8 of the Act, which gives retrospective effect to the charge and recovery of 'Cess' levied from the year 2011, to be valid being within the legislative competence of the Parliament.

A petition for review on the GIDC judgment may be filed before the Supreme Court of Pakistan on the following grounds;(i) captive versus industrial rates Rs. 200/- Rs. 100/- rate;(ii) liability/ application of judgment on amount accrued prior to 2015;(iii) textile sector has not passed on burden of GIDC as it is not a regulated market unlike fertilizer and CNG and ;(iv) in case no work is carried out on North-South pipeline within the prescribed time and for laying any of the two major pipelines (IP and TAPI) if the political conditions become conducive, the purpose of levying cess shall be deemed to have been frustrated and the GIDC Act, 2015 would become permanently un-operational and considered dead for all intents and purposes.

In light of the Supreme Court of Pakistan Order, we have made a provision in the annexed financial statements for the year ended 30 June 2020 and also have disclosed necessary notes under Contingencies and Commitments in the financial statements.

We have filed a Writ Petition before the Honourable Lahore High Court, Lahore against demand of GIDC arrears for the period upto May 2015, on the plea that the said Court vide its Order in W.P. No.26788 of 2016 had sent the matter of the recovery of the GIDC dues to the High Powered Committee and that the matter is still unresolved at the end of the High Powered Committee. The Court has granted Stay and the case is subjudice in the said Honourable court. Against some other petitions, the Honourable Sindh High Court has also issued notices to Petroleum Secretary, SSGC and OGRA in the matter of bills for recovery of GIDC arrears.

We shall become party in the Review Petition (RP) when filed by the original petitioners in Honourable Supreme Court of Pakistan subject to acceptance of petition by the said Court. Having said so, though we have provided GIDC provision in the financial statements, following are the grounds to contest the matter in the Honourable Supreme Court of Pakistan:

1. Cess for the period prior to enactment of GIDC Act, 2015 is not payable. We have written to the SNGPL High Powered Committee in this regard and also our WP is pending in the Lahore High Court.
2. GIDC Act, 2015 would become permanently in-operational and considered dead for all intents and purposes, if purpose of levying Cess is frustrated within six months.
3. Company has not charged the GIDC to its customers due to market-driven pricing mechanism.



Tariff rationalization

It is imperative to promote industrialization and exports which primarily has a leverage with tariffs of the National Tariff Commission. Tariff should not be disturbed where cascading duty structure exists and all Sectors/stages within that chain are enjoying 5% to 6% for each stage. (Provided there is no major anomaly).

PFY as import substitution

As we have been projecting since last many years in our reports to shareholders, Synthetic textile sector based on Polyester Filament Yarn has to be developed and protected for import substitution rather than exports and to clothe the 210 million population of Pakistan. In the current phase, Polyester Filament Yarn sector is not so critical for value added textile exports as only 10% of world made up exports vs 72% of cotton. As such current import tariff should be maintained as well as 5% Regulatory Duty on all 5HS Codes of PFY (i.e. 5402.3300, 5402.4600, 5402.4700, 5402.5200, 5402.6200) be restored aiming to continuing the momentum of growth of domestic PFY industry with expansion plans of US\$ 125 million to recapture its share of domestic consumption from 33% in the year 2017 to over 75% in 2026. This will reduce the import bill as PFY imports will be reduced from 146,000 tons to just 56,000 tons/year. Moreover Import Duty on POY should not be reduced as it would tantamount to encouraging circumvention of Anti-dumping duties on PFY. The 5% Regulatory Duty is required to compensate for the delay in Anti-dumping duties as explained below and the low level of Anti-dumping duty vs injury margin.

During the anti-dumping investigation, NTC determined 25% injury margin for the domestic PFY industry. However, anti-dumping duties (which should have been at least 10%), was imposed at meager 3.25% to 4.9% on 3 big Chinese producers producing output of 10 mln tons. Anti-dumping duties imposed by the NTC are also very low as compared to anti-dumping/countervailing duties imposed by Turkey (\$268-\$351/ton), India (\$256-\$547/ton) and USA (32%-460%) against same suppliers of dumped/subsidized PFY imports from China.

It is also worthwhile noting that anti-dumping duties on PFY though imposed in August 2017, are still not fully effective due to repeated stay in Court cases filed by the importers including stay at present since October 2018. The continuous injury due to delay of imposition of anti-dumping duty for 4 years, before 2017 and continuous ineffectiveness after imposition in 2017 to 2020, now requires that domestic PFY industry be supported with consistent tariff and RD in future.

PYMA's totally false assertion that the domestic PFY industry is not producing specialized yarns is negated by the NTC's verification which is on record. The NTC's study verified the domestic industry's manufacturing facilities and production records that the local PFY industry is producing and has the capability to produce all types and variants of specialized PFY including colored yarns, monofilament and cationic yarns. These variants, as well, DTY and FDY are also variants of PFY that local industry is producing based on the local demand and levels of dumping by Chinese producers at various times.

In line with the policy to promote Synthetics import substitution, domestic PFY industry needs support by way of maintaining consistently in the coming years 11% import tariff and 5% Regulatory Duty for



the next 10 years. Regulatory Duty on imported Polyester Filament Yarn (PFY) was abolished in 2019 and again levied @ 2.5% in 2020, which has made doing of business for the domestic manufactures very difficult to compete with the imported PFY of low rates.

Anti-Dumping Duty (ADD) court cases

Our constant focus on providing quality products to the market and increase our market share has increased confidence of our customers. The growth of our industry is leveraged with the Anti-Dumping Duties on imports from China and Malaysia to remain intact. The lobbying of local Yarn Merchants will hinder the growth of domestic PFY industry. Some of the cases filed by them are pending adjudication.

Economic Review

Due to the Coronavirus outbreak, the outlook of the country's economy changed from what was envisaged for 2020. The growth which was projected at 2.4 percent for FY20 and 3 percent for FY21 was revised downwards. IMF predicts the economic growth for FY20 to slow down to minus 1.5 percent, before recovering to 2.0 percent in FY21.

Other challenges facing the economy include significant infrastructure deficit, savings-investment gap, geo-political uncertainties and potential conflict with India and increasing cost of inputs for manufacturers (raw materials and energy costs etc) which impact competitiveness.

Oil prices in the international market declined with the result that POL prices were reduced by 30-40 percent initially, this partially lowered domestic inflation as well as improved the current account. The contraction of the current account deficit continued even though both exports and imports have fallen since the coronavirus outbreak. The Current Account balance turned into a surplus in May 2020, primarily with contribution of foreign remittances. With the economic policies of the Government, the external sector remained stable despite the challenging global conditions.

The government envisages a modest 1.5% and 1.1% increase in exports and imports respectively for FY2020-21. It is targeting a current account deficit of 1.6% of GDP. Lower current account deficit is expected to keep Pakistan's credit rating stable and lay a foundation for growth in the coming years.

The textile industry is one of the most important sectors of Pakistan which makes a big contribution to the country's GDP, boosts exports as well as is a large employment source. Therefore, this sector should not be ignored while formulating long-term economic policies.

COVID-19 impact on Businesses and Human Resources

The pandemic has severely impacted the country's economy. While many countries have been substantially affected by the global health emergency, Pakistan's economy was also vulnerable to massive disruption of industrial operations. As a result, there was a drastic decline in exports. Import compression and steep depreciation of the Pakistani Rupee, which came at the cost of economic growth. Pressure also mounted on the expenditure front.

Textile sector including polyester chain have a significant contribution in the country's economy and employment of large workforce. These workers are likely to be affected by COVID-19 pandemic, as the employers would not afford to keep them if the virus persists. Till now we have managed to afford the cost of employees from own generated cash without any lay-off. However, in case of any further slowdown in industrial and commercial activities, it would be very difficult for us to absorb cost of large work force in case the business activities are once again suspended.

The measures taken by State Bank of Pakistan for deferment of loans has temporarily eased-out the cash flow pressure on businesses. However, the accrued mark-up will increase the finance cost. Considering the impact of virus situation, State Bank of Pakistan gradually decreased discount rates from 13.25% to 12.50% on 18 March 2020, to 11% on 25 March 2020, to 9% on 17 April 2020, to 8% on 18 May 2020 and finally to 7% on 26 June 2020. This reduction in interest rate will lessen the financial burden on the industry to some extent. The SBP has also introduced temporary refinance scheme for payment of wages and salaries to the workers and employees of businesses at concessional mark-up rates. We appreciate the financial relief packages announced by SBP. It is worthwhile to mention that ALHAMDO LILLAH, with the Blessings of Allah due to our own generated revenues and better cash flow, we have not utilized this relief and disbursed full salaries to our staff and workers for the lockdown period without any lay off.

Necessary disclosures regarding impacts of COVID-19 as required vide SECP Circular No.26 of 2020 dated 31 August 2020 have been given in the annexed audited financial statements for the year ended 30 June 2020.

COVID-19 Measures

The Company is cognizant of its responsibilities and is monitoring and reviewing the situation. The Company has also implemented necessary controls to minimize the impact of COVID-19 on employees, their families, and the businesses.

The company has developed comprehensive pandemic management guidelines and business continuity plans. It has implemented controls at all locations to manage the impact of the pandemic. Mandatory SOPs for all employees and service providers, include wearing of facemasks and maintenance of social distance at all times when they are on Company premises. Other controls include passive and active health screening, mandatory temperature checks, use of respiratory and hand hygiene PPEs, deep cleaning and disinfection of premises and vehicles, limiting face to face meetings. An aggressive communication strategy has been designed and implemented under the banner of the Company's wellness program.

These timely and practical actions reduced risks to the health and safety of employees. These efforts increased morale of employees to work comfortably observing SOPs.

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 cost of the Company's short-term borrowings depend upon the fluctuation in 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 2019-20.

The Government has been taking steps to improve economic imbalances. The exchange rate has, however, continued to depreciate. As a result of currency depreciation, the exchange rates fluctuations increased the landed cost of our raw materials.

Taxation Structure

The Government is keen to facilitate the local industries especially the export-oriented sectors to increase exports and earn foreign exchange. Many initiatives have been taken by the Federal Government and incentives have been given to the exporters as well as the export-oriented sectors.

Federal Government through Finance Act, 2019, abolished the zero rated regime in case of local supplies of five zero rated sectors mainly Textile, Leather, Carpets, Sports and Surgical Goods and in this regard SRO. No. 1125(I)/2011 dated 31 December 2011 was rescinded in June, 2019. However, recognizing the significance of these Sectors in country's economic growth, Federal Government has extended the concessionary tariff of gas and electricity to the erstwhile zero rated sectors upto 30 June 2020 and we hope these tariffs will be further extended. Further, in addition to the aforesaid, Government has also kept intact the reduced rate of income tax withholding under Clause 45A of Part IV of 2nd Schedule to the Income Tax Ordinance, 2001 in order to resolve the working capital issues and to avoid the accumulation of income tax refunds in case of export-oriented sectors.

Raw material prices

Raw material prices remained volatile during the financial year 2019-20. In July 2019, PTA price was US\$ 785 per M. Ton and US\$ 460 per M. Ton in June 2020. Similarly, MEG price in July 2019 was US\$565 per M. Ton and US\$435 per M. Ton in June 2020.

In the year under review, average Crude oil prices fell by 24% to USD 52.26 per barrel from USD 68.99 per barrel). PX prices went down by 34% to USD 706 per MT from USD 1076 per MT). In line with Crude Oil and PX prices, PTA prices decreased. Domestic PSF price fell only by 7% as compared to last year (PKR 178 per kg vs PKR 190 per kg). On the other hand, the regional PSF prices fell by 26% (\$0.89 per kg vs

\$1.19 per kg). The increased price differential between domestic and imported PSF encouraged PSF imports thus injuring the domestic.

Fuel prices followed an upward trend whereby a hike of 9% and 10% was observed in Gas/RLNG, and furnace oil, respectively.

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 and we have submitted the application for renewal of certification.

Better now but challenges ahead

Textile sector has been facing the long term challenges including i) excessive PFY dumping, ii) regional competition in regard to lower wage rate and power tariffs, iii) impacts of virus outbreak on downstream consumers. We expect the sector to continue its positive momentum in the medium term. However the rapid devaluation of Pak Rupee nullifies any expansion plans. 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 priority.

Sales Revenue and Profits

Sales revenue of PSF and PFY for the FY 2019-20 registered both volumetric and monetary decrease due to COVID-19. Our marketing campaign largely contributed to boost sales, however, downstream consumers showed reluctance to absorb stock because of slow market response under pandemic situation, especially in last months of the FY 2019-20.

Sale revenues for the year ended 30 June 2020 decreased to Rs.5,914.25 million from Rs.9,053.74 million in the FY 2018-19. Gross profit decreased to Rs.393.52 million from gross profit of Rs.491.11 million in FY 2018-19. Operating profit was Rs.341.77 million against operating profit of Rs.342.66 million in last year. Finance cost increased to Rs.232.97 million from Rs.168.36 million mainly because of higher mark-up rates. Although the mark-up rate was decreased

from April 2020, previous higher rate of mark-up is applied till year-end because of KIBOR-linked spread terms with the commercial banks. The impact of the decrease in mark-up rates will be reflected in next periods results. Profit before tax amounted to Rs.108.80 million against profit before tax of Rs.174.30 million in FY 2018-19. After tax profit is Rs.33.51 million against Rs.54.98 million in FY 2018-19.

Future Outlook

The COVID-19 cases have plateaued to a manageable level but still not fully eradicated. The plant shutdown due to this pandemic for about two months and its impact on the financial results was unexpected. The pak rupee depreciation against US\$ results in exchange loss. A move is roaming to cut in import duties of dumped PFY and anti-dumping duties. It is feared that the production cost of our products will not be able to fetch any margins in case the present tariff and duty structure is disturbed because survival in the competitive market of low price imports will be impossible. We have to severally reduce our product prices at the cost of our margins. The Honourable Supreme Court of Pakistan's Order on GIDC will be a huge financial burden to bear by the domestic industry.

We are planning to further expand PFY manufacturing facilities with considerable capital investment for which various feasibilities are being reviewed. Our expansion plans are valid to be executed but were kept in abeyance during COVID period. The expansion would only be feasible if the tariff protection to domestic industry is ensured. Malaysian and Vietnamese filament yarn producers are dumping their products. The average C&F price at which PFY has been imported has decreased reflecting a dire need for the NTC to intervene in order to save the local PFY industry before it is closed.

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.

The pandemic has already infected the Pakistan economy, pushing GDP growth into negative territory coupled with higher inflation and unemployment rates. These downturns are expected to reverse years of progress toward development goals and push millions of people back into extreme poverty.

The country has been facing a gas crisis, especially in winter when demand spikes. The Authorities are signaling yet another gas crisis which may lead to energy shortage for industrial consumption.

The US dollar has gone up high against a basket of major currencies which resulted in increased imports bill. State Bank of Pakistan imposed condition of hundred percent cash margin against some specific imports. This adversely affected our raw material imports which are normally imported under usance LCs with 90 days deferred payments. The SBP has recently removed this condition of LC margin which will ease-out the cash flow of businesses.

The Company's branded products have a countrywide reach and supply to 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.

Business Development

Overall markets were dampened due to trade war between USA and China. The spread of pandemic lockdowns were enforced and the worldwide business activities went to an economic recession. With easing of the lockdown business activities started revival and the operations and markets opened with adherence to standard operating procedures. As the gradual process of return towards normalcy was initiated only near the year-end under review, the last quarter was badly impacted.

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 Company has a Risk Management Policy in accordance with the provisions of the Listed Companies (Code of Corporate Governance) Regulations, 2019. 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, 2019. 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 2019-20:

Directors' category	Number	Aggregate amount of salary and fee	Other perquisites
Executive Directors CEO (Mr. Nooruddin Feerasta)	Two: (Chief Executive and one Executive Director)	NIL	Chief Executive Officer is drawing no salary since his first appointment except company car.
Executive Director (Mr. Abdul Hayee)		Rs.5.89 million	Nil
Independent Directors	Two	Nil	
Non-Executive Directors	Four	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 2020-21.

Pattern of Shareholding

A statement showing the pattern of shareholding in the Company as at 30 June 2020 appears on Page 96.

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, 2019 and Rule Book of Pakistan Stock Exchange Limited:

- During the financial year ended 30 June 2020, 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. Aymna 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 2020.

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

- Pattern of shareholding as on 30 June 2020 is annexed.

- The earning per share at the year end was Re.0.98

- The factors contributed towards main achievements as well as the hindrances in growth during the year 2019-20 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. However, due to virus spread, the impact on financial results was obvious. However, we are moving forward gradually towards recovery with positive response from downstream consumers. The top and bottom line results during the year under review have shown profits amidst COVID.
- 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. However, as allowed by the State Bank of Pakistan, commercial banks have deferred some LCs and mark-up payments in conformity with the SBP's guidelines.
- 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. During COVID period, the Company has completely adhered to the proper SOPs.
- 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 2020 and the date of the report, except the provision that has been made for GIDC in line with the Order of the Supreme Court of Pakistan dated 13 August 2020. 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. All favourable factors remaining positive, it will still take more time to offset the COVID impact.
- 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.
- Compliance wherever not made has been explained as required under CCG 2019.

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
- Spintex Limited
- Soneri Bank Limited

The shareholders in its meeting held on 26 October 2019 had given approval through special resolution for transactions to be consummated with related parties during the year 2019-20. The Board of Directors has duly approved/ratified the transactions made in FY 2019-20 with above related parties.

Disclosure Requirements as per Listing Regulations/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.

Compliance wherever not made has been explained as required under CCG 2019.

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 except the lockdown period. However, the dumped imports from China, Malaysia and Vietnam disturbed our sales targets which put

adverse impact on our sales revenues. Provision of GIDC has been made in light of the Order of the Honourable Supreme Court of Pakistan dated 13 August 2020. The reasons for increase in 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 2020 (Unaudited)	30 June 2019 (Audited)
21,997	26,897

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	4
2. Mr. Muhammad Rashid Zahir	Member	4
3. Mr. Zeeshan Feerasta	Member	4

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

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

Attendance by each Member:

1. Mr. Sultan Ali Rajwany	Chairman	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: 4

Attendance by each Director:

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

Corporate Social Responsibility (CSR)

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

Succession Planning

At Rupali Polyester Limited, there is a proper succession planning and is implemented evaluating the incumbents talent. The focus is on capability building by encouraging internal lateral moves.

Individuals highlighted for succession are developed through stretched assignments and involvement through internal /external training, and on the job education.

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 2020.

There was no reportable occupational illness from our employees or contracted manpower in 2020. 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 FY 2019-20 prepared as per provisions of Companies Act, 2017 were approved and authorized for their issuance by the Board of Directors on 23 September 2020.

Approval of the Directors' Report and Compliance Statement

The Board of Directors approved the Directors' Report and statement of compliance on 23 September 2020 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:
23 September 2020

صحت، حفاظت اور ماحول

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

لیبر مینجمنٹ تعلقات

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

مالیاتی گوشواروں کی منظوری

مالی گوشوارے برائے سال ۲۰۲۰ کمپنیوں کے قانون مجریہ ۲۰۱۷ کے تحت بنائے گئے کی منظوری ۲۳ ستمبر ۲۰۲۰ کو ہونے والے بورڈ آف ڈائریکٹرز کے اجلاس میں دی گئی اور ان کے اجراء 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 ۲۳ ستمبر ۲۰۲۰ کو ہونے والے اجلاس میں دی۔

اظہار تشکر

ڈائریکٹرز، خزانہ، صنعتوں پیداوار اور معاشی امور کی وزارت، تجارت، مواصلات اور وزارت ٹیکسٹائل کے تعاون کے لئے اظہار تشکر کرنا چاہتے ہیں۔ ہم وفاقی بورڈ آف ریونیو، کسٹمز، سینٹرل ایکسائز اور حکومت پنجاب کے تعاون کے بھی شکرگزار 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 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:

اجلاسوں میں شرکت کی تفصیل

محاسبی کمیٹی
کل اجلاس

۴

نام کارکن	کتنے اجلاسوں میں شرکت کی
۱- جناب پلیس ایم سیانی (چیرمین)	۴
۲- جناب سلطان علی راجوانی (گذشتہ چیرمین)	۴
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 (چیرمین)	۴
۲- جناب نور الدین فیراستہ (ممبر)	۴
۳- جناب ذیشان فیراستہ (ممبر)	۴

بورڈ آف ڈائریکٹرز

کل اجلاس

۴

نام کارکن	کتنے اجلاسوں میں شرکت کی
۱- جناب نور الدین فیراستہ (چیف ایگزیکٹو آفیسر)	۴
۲- جناب محمد رشید ظاہر (غیر-ایگزیکٹو)	۴
۳- محترمہ امینہ فیراستہ (غیر-ایگزیکٹو)	۲
۴- جناب پلیس ایم سیانی (آزاد اور غیر-ایگزیکٹو)	۴
۵- جناب سلطان علی راجوانی (آزاد اور غیر-ایگزیکٹو)	۴
۶- جناب شہزاد فیراستہ (غیر-ایگزیکٹو)	۴
۷- جناب ذیشان فیراستہ (غیر-ایگزیکٹو)	۴
۸- جناب عبدالحی (ایگزیکٹو)	۴

کارپوریٹ سماجی ذمہ داری (CSR)

آپ کی کمپنی سماجی ذمہ داریوں کو بہت ترجیح دیتی ہے اور کارپوریٹ رویے کے اعلیٰ ترین معیارات پر کاربند ہے۔ کمپنی کی CSR ذمہ داریاں صحت، تعلیم، ماحولیاتی تحفظ، پانی اور حفظان صحت، بچوں کی بہبود، بنیادی ڈھانچے کی ترقی اور دیگر فلاحی سرگرمیوں، اضافی فنڈز کی دستیابی سے مشروط منتخب مالی شرکت سے پوری ہوتی ہیں۔

ہماری CSR سرگرمیوں میں اسپتالوں کے تحت مراعات یافتہ مریضوں، طلبہ اور مختلف خصوصی ضروریات کے حامل بچوں کی مدد 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 اٹھائے جا رہے ہیں جس سے کمپنی کی سرگرمیوں اور مالی امور میں نمایاں تبدیلی آئی ہے۔
- کمپنی مینجمنٹ ادا نیگیوں میں نہایت اصول پرست ہے اور اس ضمن میں ایک اعلیٰ سا کھ کی حامل ہے ادا نیگی میں بلا جواز تاخیر کبھی رونما نہیں ہوئی۔
- کمپنی کے اندرونی کنٹرول اعلیٰ معیار پر بنائے گئے ہیں جن پر سختی سے عمل ہوتا ہے۔
- کمپنی کے امور میں سال مختتمہ ۳۰ جون ۲۰۲۰ سے اب تک کوئی ایسی تبدیلی رونما نہیں ہوئی جو کہ مالی حالت میں کسی بڑی تبدیلی کی عکاس ہوں۔ البتہ درآمد ہونے والے پولی ایسٹریارن پرائیٹی ڈیمپنگ ڈیوٹی لگنے سے اس 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 مضرت نہیں پڑ رہا اور ماحولیاتی تحفظ کے اصولوں کو مد 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 ۲۰۲۰ 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

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

- کمپنی کی جانب سے تیار کردہ مالیاتی گوشوارے، اس کے معاملات کی حالت، آپریٹنگ نتائج، پیسے کے بہاؤ اور مالک (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 نظام بہترین اور موثر انداز میں مرتب اور لاگو کرتے ہوئے اس کی نگرانی کی جاتی ہے۔
- موجودہ حالات میں کمپنی کی قابلیت پر کوئی شکوک و شبہات نہیں ہیں۔

پراویڈنٹ فنڈ کی سرمایہ کاری

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

۳۰ جون ۲۰۲۰

۳۰ جون ۲۰۱۹

--- روپے ہزاروں میں ---

(غیر پڑتال شدہ)

(پڑتال شدہ)

۲۱،۹۹۷

۲۶،۸۹۷

دیگرافشا

کمپنی کی کارکردگی اس رپورٹ کے اوائل حصہ میں تفصیل سے بیان کر دی ہے تاہم کمپنیز ایکٹ ۲۰۱۷ کی شق نمبر ۲۲۷ اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ضوابط، ۲۰۱۹ کے تحت کچھ لازمی جزئیات ذیل میں واضح کی جا رہی ہیں۔

- مالی سال مختتمہ ۳۰ جون ۲۰۲۰ کے دوران ڈائریکٹران کی کل تعداد ۸ (سات مرد اور ایک خاتون) تھی۔ ڈائریکٹران کے اعضاء یہ ہیں۔

کیٹیگری	اسماء
ا۔ آزاد ڈائریکٹرز	جناب سلطان علی راجوانی جناب یسین ایم سیانی
ب۔ غیر ایگزیکٹو ڈائریکٹرز	جناب محمد رشید طاہر محترمہ امینہ فیراستہ جناب شہزاد فیراستہ جناب ذیشان فیراستہ
ج۔ ایگزیکٹو ڈائریکٹرز	جناب نور الدین فیراستہ جناب عبدالحی

محاسبی کمیٹی

نام مع عہدہ رکن
ا۔ جناب یسین ایم سیانی - چیئرمین (آزاد ڈائریکٹر)
ب۔ جناب محمد رشید طاہر - ممبر (غیر ایگزیکٹو ڈائریکٹر)
ج۔ جناب ذیشان فیراستہ - ممبر (غیر ایگزیکٹو ڈائریکٹر)

انسانی وسائل کمیٹی

نام مع عہدہ رکن
ا۔ جناب سلطان علی راجوانی - چیئرمین (آزاد ڈائریکٹر)
ب۔ جناب نور الدین فیراستہ - ممبر (چیف ایگزیکٹو آفیسر)
ج۔ جناب ذیشان فیراستہ - ممبر (غیر ایگزیکٹو ڈائریکٹر)

کمپنی کا پرنسپل کاروبار تسلسل سے جاری رہا۔ سال 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 محاسب نے سال مختتمہ ۳۰ جون ۲۰۲۰ کیلئے unqualified محاسبہ رپورٹ دی ہے۔

- سال مختتمہ ۳۰ جون ۲۰۲۰ کیلئے فی حصص قیمت ۰.۹۸ روپے رہی۔

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

بورڈ آف ڈائریکٹرز مینجمنٹ کو مجموعی رسک مینجمنٹ فریم ورک کو مزید مستحکم بنانے کے لئے مشورہ دیتے رہتے ہیں اور کمپنی کی پیداوار اور فروخت سے متعلقہ رسک اور آمدنی، بیننس، 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 ڈائریکٹرز میں موجودہ ممبران کا انتخاب ۲۷ اکتوبر ۲۰۱۸ کو کیا گیا تھا۔ موجودہ تشکیل لسٹڈ کمپنیوں کے (کوڈ آف کارپوریٹ گورننس) ضوابط، ۲۰۱۹ کی متعلقہ دفعات کے مطابق ہے۔ اُس کے بعد سے بورڈ آف ڈائریکٹرز کی تشکیل میں کوئی تبدیلی نہیں ہوئی۔

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

خود مختار ڈائریکٹران سمیت غیر ایگزیکٹو ڈائریکٹرز کی معاوضہ پالیسی پر نظر ثانی جاری ہے کہ بورڈ کی پالیسی سازی اور بورڈ کے دیگر کاموں میں ڈائریکٹران کے عمل دخل کے مطابق بورڈ کے ذریعہ مشاہرہ میں رد و بدل کا جائزہ لیا جائے۔

ڈائریکٹران کا مشاہرہ

تفصیل برائے مجموعی رقم برائے سال ۲۰۲۰ ذیل میں دی گئی ہے۔

ڈائریکٹرز کی کٹیگری	تعداد	مجموعی رقم	دیگر مراعات
ایگزیکٹو ڈائریکٹرز: چیف ایگزیکٹو آفیسر (جناب نور الدین فیراستہ) ایگزیکٹو ڈائریکٹر (جناب عبدالحی)	دو (چیف ایگزیکٹو اور ایک ایگزیکٹو ڈائریکٹر)	کوئی نہیں	چیف ایگزیکٹو آفیسر ان کی پہلی تقرری سے اب تک کوئی تنخواہ نہیں لے رہے سوائے کمپنی کار کے۔ کوئی نہیں
آزاد ڈائریکٹران	دو	۵.۸۹ ملین روپے سالانہ	کوئی نہیں
غیر ایگزیکٹو ڈائریکٹران	چار	کوئی نہیں	

معاوضہ پالیسی پر بورڈ نظر ثانی کرتا رہتا ہے۔

محاسب

موجودہ محاسب میسرز قوی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس اپنے تقرر کی مدت پوری کر چکے ہیں اور برائے 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 ۲۰۲۰-۲۱ کی سفارش کی ہے۔

حصص داری کا طرز

۳۰ جون ۲۰۲۰ کے دن کمپنی کی حصص داری کی تفصیل صفحہ نمبر ۹۶ پر موجود ہے۔

فروخت آمدنی اور منافع

مالی سال ۲۰۲۰ میں PSF اور PFY میں فروخت کے حجم اور آمدنی دونوں میں Covid-19 کے باعث کمی واقع ہوئی۔ ہماری مارکیٹنگ ٹیم نے بڑے پیمانے پر فروخت کو فروغ دینے میں اہم کردار ادا کیا۔ تاہم ہمارے صارفین Covid-19 کے باعث مارکیٹ کے سست ردعمل کی وجہ سے زیادہ اسٹاک جذب کرنے میں ہچکچاہٹ کا مظاہرہ کرتے ہیں۔

فروخت آمدنی برائے سال ۲۰۲۰ سال گذشتہ کی فروخت آمدنی ۷۴.۰۵۳ ملین روپے سے کم ہو کر ۴۲.۹۱۴ ملین روپے ہو گئی۔ خام منافع جو سال گذشتہ ۲۹۱.۱۱ ملین روپے تھا سے کم ہو کر ۵۲.۳۹۳ ملین روپے ہو گیا۔ آپریٹنگ منافع جو سال گذشتہ ۳۴۲.۶۴ ملین روپے تھا۔ ۲۰۲۰ میں ۷۴.۰۵۳ ملین روپے ہو گیا۔ فنانس لاگت سال گذشتہ ۱۶۸.۳۶ ملین روپے سے بڑھ کر ۲۳۲.۹۷ ملین روپے رہی۔ قبل از ٹیکس منافع سال گذشتہ میں ۱۷۴.۳۰ ملین روپے کی نسبت اس سال ۱۰۸.۸۰ ملین روپے ہو گیا اور بعد از ٹیکس منافع ۵۴.۹۸ ملین روپے کے مقابلے میں ۳۳.۵۱ ملین روپے رہا۔

مستقبل کا جائزہ

کورونا وبا بھی مکمل طور پر ختم نہیں ہوئی اس کے باعث تقریباً دو ماہ کا کاروبار بند رہا اور اس کے اثرات مالی نتائج پر اثر انداز ہوئے۔ پاکستانی روپے کی قوت خرید میں کمی آئی ہے جس سے درآمدات کی قیمت میں اضافہ ہوا ہے۔ عدالت عظمیٰ پاکستان کے حالیہ فیصلہ کی روشنی میں GIDC کی مدد میں خاصا اضافی بوجھ کا سامنا ہے۔ ہم پی ایف وائی پیداواری صلاحیت میں توسیع کا منصوبہ بنا رہے ہیں۔ Covid کے باعث یہ منصوبہ مؤخر ہوا۔ پی ایف وائی درآمدات پر ٹیرف میں کمی توسیع کے منصوبوں کو خاصا منفی اثر ڈال سکتی ہے۔ اس لئے حکومت کو مقامی صنعت کے تحفظ اور نمو پر غور کرنا چاہئے۔

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 کر دی تھی۔ اس سے ہماری خام مال کی درآمدات بری طرح متاثر ہوئیں، جو عام طور پر ۹۰ دن کی التوا ادائیگی کے ساتھ Usance LC کے تحت درآمد کی جاتی ہیں۔ البتہ حال ہی میں یہ شرط ختم کر دی گئی ہے۔ اس سے کاروبار کے کیش فلو میں آسانی آئے گی۔

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

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

رسک مینجمنٹ

بورڈ آف ڈائریکٹرز رسک مینجمنٹ کے مگر ان 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

ہوئی تو معیشت اور روزگار کی صورتحال مزید تشویشناک ہو سکتی ہے۔ وبا کے پیش نظر بینک دولت پاکستان نے شرح سود میں خاصی کمی کر دی ہے۔ ساتھ ہی ساتھ کاروبار پر ملازمین کی تنخواہوں کا بوجھ کم کرنے کے لئے رعایتی سکیم جاری کی ہے۔ یہ بات قابل ذکر ہے کہ ہم نے اس سکیم کے تحت کوئی قرضہ نہیں لیا اور اپنے ملازمین کو بغیر کٹوتی اور چھانٹی کے لاک ڈاؤن دورانیہ کی پوری تنخواہیں اپنے وسائل سے ادا کی ہیں۔

COVID-19 سے بچاؤ کے اقدامات

کمپنی نے اپنی ذمہ داریوں کا ادراک رکھتے ہوئے ملازمین کے تحفظ کے لئے تمام وہ اقدامات کئے جو کہ SOPs کے تحت ضروری تھے اور باقاعدہ حکمت عملی وضع کرتے ہوئے حفاظتی اقدامات پر عمل جاری رکھا ہوا ہے۔

ٹیکسوں کا ڈھانچہ

حکومت مقامی صنعتوں کو خصوصاً برآمدات پر مبنی شعبے کی نمو اور زر مبادلہ کمانے کیلئے سہولت فراہم کرنے کی خواہاں ہے۔ سال گذشتہ زیورینڈیکسٹر ختم کیا البتہ معاشی نمو کی خاطر Export Oriented کاروباروں کے لئے گیس اور بجلی کے رعایتی نرخ برقرار رکھے جو کہ خوش آئند اقدام ہے۔ ہم امید کرتے ہیں کہ ان رعایتی نرخوں کو مزید مدت کیلئے نافذ العمل بنایا جائے گا۔

خام مال کی قیمتیں

مالی سال ۲۰۱۹-۲۰۲۰ میں خام مال کی قیمتیں عدم مستحکم رہیں۔ جولائی ۲۰۱۹ میں پی ٹی اے کی قیمت ۷۸۵ امریکی ڈالر فی میٹرک ٹن تھی جو جون ۲۰۲۰ میں ۴۶۰ امریکی ڈالر فی میٹرک ٹن ہو گئی۔ اسی طرح ایم ای جی کی قیمت جولائی ۲۰۱۹ میں ۵۶۵ امریکی ڈالر فی میٹرک ٹن تھی جو جون ۲۰۲۰ میں کم ہو کر ۴۳۵ امریکی ڈالر فی ٹن ہو گئی۔

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

OEKO-TEX تصدیق

درآمد شدہ خام مال، اعلیٰ پیداواری سامان اور فنی اور تکنیکی قابلیت ہماری اعلیٰ معیار کی مصنوعات کو بنانے میں بڑی معاون ہیں۔ ہماری مصنوعات (PFY) ۱۰۰ OEKO-TEX(R) Standard کے تحت تصدیق شدہ ہیں۔

حال بہتر ملے گا چیلنجر

ٹیکسٹائل سیکٹر کو درپیش بہت سارے چیلنجر نظر آ رہے ہیں جن میں:-

- (i) PFY کی ہونے والی ڈمپنگ
- (ii) کم اجرتوں اور توانائی کے کم نرخوں جیسی علاقائی مسابقت
- (iii) وباء کے اثرات

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 رس نتائج میں بہتری کیلئے ان چیلنجر کا ازالہ کرنا ہوگا۔

پی ایف وائی کو بطور درآمدی متبادل بنانا:-

جیسا کہ ہم سابقہ رپورٹوں میں اظہار کرتے رہے ہیں کہ مقامی پی ایف وائی پر مبنی کپڑے کی صنعت کو برآمدات کی بجائے درآمدی متبادل کے طور پر نمودی جانی چاہیے تاکہ ۲۱۰ ملین پاکستانی آبادی کے لئے کپڑا فراہم ہو سکے اور زرمبادلہ میں بچت کی جاسکے Value-added برآمدات کیلئے فلامنٹ دھاگہ اتنا اہم نہیں کیونکہ دنیا میں یہ صرف ۱۰ فیصد برآمد ہوتا ہے بمقابلہ ۷۲ فیصد سوت کے۔ لہذا موجودہ ٹیرف برقرار رکھا جائے اور ساتھ ہی ساتھ پی ایف وائی کے تمام ایچ ایس کو ڈز یعنی 5402-3300, 5402-4600, 5402-4700, 5402-5200, 6200-5402 پر ۵ فیصد ریگولیٹری ڈیوٹی بحال کی جائے تاکہ مقامی کھپت میں اس کا حصہ جو ۲۰۱۶ء میں ۳۳ فیصد تھا سے بڑھ کر ۲۰۲۶ء میں ۷۵ فیصد سے زیادہ کیا جاسکے۔ اس سے درآمدی بل میں کمی آئے گی جو کہ ۱۳۶,۰۰۰ ٹن سالانہ سے کم ہو کر صرف ۵۶,۰۰۰ ٹن فی سال رہ جائے گی اور مقامی صنعت کے ۱۲۵ ملین ڈالر کے توسیعی منصوبہ جات کو عملی شکل دی جاسکے۔ مزید برآں RD بحال کی جائے تاکہ ADD کے اطلاق میں تاخیر اور کم ریٹ پر عائد کی گئی ADD سے اس صنعت کو ہونے والے نقصان کا ازالہ ہو سکے۔

اینٹی ڈمپنگ تفتیش کے دوران این ٹی سی نے مقامی پی ایف وائی صنعت کو ہونے والے نقصان کا جو تعین کیا وہ ۲۵ فیصد تھا۔ اس طرح چین کے ۳ بڑے پروڈیوسرز پر کم از کم دس فیصد اینٹی ڈمپنگ ڈیوٹی عائد ہونا چاہیے تھی کی بجائے ۳.۲۵ فیصد سے ۴.۹ فیصد ڈیوٹی عائد کی گئی جب کہ ترکی انڈیا امریکہ کی چین کے انہیں سپلائرز پر ڈیوٹی کی شرح اس سے کہیں زیادہ ہے۔

یہ بات بھی قابل غور ہے کہ پی ایف وائی اگرچہ اگست ۲۰۱۶ء میں عائد کی گئی وہ تاحال عملی طور پر موثر نہیں ہو سکی کیونکہ درآمد کنندگان نے مختلف عدالتوں میں مقدمات دائر کر رکھے ہیں اب ضرورت اس بات کی ہے کہ اس صنعت کو اس مد میں ہونے والے بڑے نقصان کی تلافی کیلئے مستقل ٹیرف اور RD کی صورت میں سہارا دیا جائے۔

PYMA کا یہ دعویٰ کہ مقامی پی ایف وائی صنعت خصوصی Yarns نہیں بنا سکتی این ٹی سی کی تصدیق سے سراسر غلط ثابت ہو گیا ہے۔ این ٹی سی کی Study نے ثابت کیا کہ مقامی پی ایف وائی صنعت ہر قسم کا دھاگہ بنا رہی ہے اور مقامی مانگ کے مطابق مختلف اقسام کا دھاگہ بنانے کی کمالاً صلاحیت رکھتی ہے۔ درآمدی تبدل کے طور پر مقامی پی ایف وائی کو فروغ دینے کیلئے کم از کم اگلے دس سال تک ۱۱ فیصد امپورٹ ٹیرف اور ۵ فیصد ریگولیٹری ڈیوٹی عائد ہونا چاہیے۔ کمرشل درآمد کنندگان جو ۲ فیصد ٹیکس ادا کرتے ہیں وہ انکم ٹیکس قانون کے تحت سپلائی مرحلے پر ٹیکس سے مستثنیٰ رہیں گے جبکہ کارپوریٹ مینوفیکچررز ۲ فیصد ٹیکس کے علاوہ اضافی ۴ فیصد ٹیکس ادا کرتے ہیں اس طرح وہ کمرشل درآمد کنندگان سے مسابقت نہیں کر سکتے۔

اینٹی ڈمپنگ ڈیوٹی - عدالتی مقدمات

مارکیٹ میں معیاری مصنوعات کی فراہمی اور مارکیٹ میں اپنا حصہ مزید بڑھانے کے سلسلہ میں ہماری مسلسل توجہ نے ہمارے صارفین کا اعتماد بڑھایا ہے۔ ہماری نمونہ اس بات سے جڑی ہوئی ہے کہ چین، ملائیشیا سے درآمد ہونے والے پی ایف وائی پر اینٹی ڈمپنگ ڈیوٹی برقرار رہے۔ یارن مرچنٹس کی بے جا مداخلت سے مقامی صنعت میں نمودار کاٹوں کا شکار ہے اور کئی مقدمات ابھی تک زیر التوا ہیں۔

کاروبار اور انسانی وسائل پر کرونا کے اثرات

اس وبا سے دیگر ممالک کی طرح پاکستان کی معیشت اور صنعتی کاروائیوں میں رکاوٹ رہی۔ پاکستانی روپے میں بھی بڑی کمی آئی۔ روزگار متاثر ہوئے۔ اگر وبا مکمل ختم نہ

مارچ ۲۰۲۰ کے وسط تک نو ماہی نتائج گذشتہ سال کے قریب قریب رہے تاہم اس کے بعد اپریل اور مئی کے مہینے میں لاک ڈاؤن کے باعث ہمارے گاہکوں کی طرف سے مانگ نہ ہونے کے باعث فروخت میں کمی آئی۔ جون ۲۰۲۰ میں صورتحال نے بہتری کی جانب رخ کرنا شروع کیا اور مارکیٹ آہستہ آہستہ معمول پر آگئی ہے توقع کی جا رہی ہے کہ آنے والے ادوار میں نتائج بہتر ہوں گے اور ہم آنے والے مہینوں میں فروخت میں اضافے کے سلسلے میں لاک ڈاؤن گیپ میں ہونے والی کمی کو پورا کرنے کی امید رکھتے ہیں بشرطیکہ گیس اور بجلی پر موجودہ ٹیرف اور درآمد شدہ پی ایف وائی پرائیٹی ڈیمنگ ڈیوٹی برقرار رہیں۔

برآمد پڑنی پانچ سیکٹر (سابقہ زیورہ پٹ) کیلئے توانائی ٹیرف

حکومت نے علاقائی مسابقت کے خلاف یکم جولائی ۲۰۱۹ء سے بجلی کے نرخ ۵.۷ سینٹ فی یونٹ اور گیس کے نرخ ۶.۵ ڈالر فی ایم ایم بی ٹی پو بشمول تمام خصوصی پکیج دیا۔ چینی سپلائرز اپنی مصنوعات پاکستان میں ڈمپ کر رہے ہیں۔ جو گھریلو پی ایف وائی انڈسٹری کو بڑی طرح متاثر کر رہے ہیں۔ اب یہ ضروری ہے کہ مراعات یافتہ بجلی اور گیس کے نرخ کم از کم تین سال تک جاری رکھے جائیں۔ ہم حکومت کی توجہ ان خدشات کی طرف دلاتے ہیں کیونکہ یہ تحفظات ملکی برآمدات میں اضافے کے لئے ناگزیر ہیں۔

گیس انفراسٹرکچر ڈویلپمنٹ سیس (GIDC)

وفاقی حکومت نے دسمبر ۲۰۱۱ میں جی آئی ڈی سی (GIDC) ایکٹ ۲۰۱۱ کے تحت ملک میں گیس انفراسٹرکچر کی ترقی کے لئے GIDC لاگو کیا۔ جسے عدالت عالیہ پشاور میں چیلنج کیا گیا۔ عدالت عالیہ نے اسے غیر قانونی قرار دیتے ہوئے ہدایت کی کہ جمع کی گئی رقم واپس کر دی جائے۔ حکومت پاکستان نے عدالت عظمیٰ پاکستان میں اپیل دائر کی جس نے عدالت عالیہ کے فیصلے کو برقرار رکھا۔ حکومت نے ۲۰۱۵ء کو GIDC ایکٹ ۲۰۱۵ء جاری کیا جس کے خلاف صنعتی صارفین کی ایک بڑی تعداد نے عدالت عظمیٰ پاکستان میں اپیلیں دائر کیں۔ معزز عدالت عظمیٰ نے ۱۳ اگست ۲۰۲۰ء کو حکومت کے حق میں فیصلہ دے دیا۔ اس فیصلے سے صنعتوں پر بہت بڑا مالی بوجھ آن پڑا ہے۔ عدالت عظمیٰ پاکستان نے GIDC ایکٹ کی دفعہ ۸ جو سال ۲۰۱۱ء سے لگائے جانے والے Cess سے متعلق ہے کو صحیح قرار دیا۔ جس کے تحت سابقہ بقایا جات کی وصولی کو قانونی قرار دیا گیا۔ جی آئی ڈی سی فیصلے پر نظر ثانی کیلئے معزز عدالت عظمیٰ میں کئی ٹھوس بنیادوں پر درخواست دی جاسکتی ہے۔

عدالت عظمیٰ کے حکم کے تحت ہم نے ۳۰ جون ۲۰۲۰ء کو ختم ہونے والے مالی سال کے حسابات میں جی آئی ڈی سی کی رقم ضروری وضاحتی بیانات کے ساتھ فراہم کر دی ہے۔

ہم نے عدالت عالیہ لاہور میں ۲۰۱۵ء تک طلب کئے گئے GIDC بقایا جات کے خلاف درخواست دائر کی ہے وہ اس بنیاد پر کہ اسی معزز عدالت نے ہماری WP No. 26788 میں حکم نامہ جاری کرتے ہوئے یہ معاملہ ایک اعلیٰ سطح کمیٹی کے سپرد کیا ہوا ہے جو ابھی تک کمیٹی کے پاس زیر التوا ہے۔ اس طرح ہماری درخواست عدالت عالیہ لاہور میں زیر التوا ہے۔ GIDC کے معاملہ میں اور بھی متعدد درخواستیں عدالت عالیہ سندھ میں بھی زیر التوا ہیں۔ عدالت عظمیٰ پاکستان کی اجازت سے ہم بھی نظر ثانی کی درخواست میں فریق بنیں گے کیونکہ ہم نے GIDC اپنے گاہکوں سے کبھی وصول نہیں کیا تھا۔

ٹیرف کوئی بر حقیقت بنانا:-

ملکی صنعت اور برآمدات فروغ دینے کا بڑا انحصار نیشنل ٹیرف کمیشن کے متعین کردہ ٹیرف پر ہوتا ہے۔ موجودہ عائد کردہ ٹیرف کا جہاں Cascading ڈیوٹی اسٹریکچر موجود ہے میں رد و بدل مناسب نہیں۔

ممبران کے لئے ڈائریکٹرز کی رپورٹ

کمپنی کے ڈائریکٹران کی جانب سے ہم آپ کو چالیسویں (۲۰ ویں) سالانہ اجلاس میں خوش آمدید کہتے ہیں اور کمپنی کی سالانہ رپورٹ اور پڑتال شدہ حسابات برائے سال ختمہ ۳۰ جون ۲۰۲۰ء ہمراہ آڈیٹران کی رپورٹ کے پیش کرتے ہیں۔

مالیاتی نتائج

--- روپے ہزاروں میں ---

۱۰۸،۸۰۱	- قبل از ٹیکس منافع
(۷۵،۲۹۱)	- ٹیکس
۳۳،۵۱۰	- بعد از ٹیکس منافع
۰.۹۸	- فی حصہ منافع (بنیادی اور مندی آمیز شدہ) روپے

مجموعی جائزہ

ہم بمسرت اطلاع دیتے ہیں کہ کرونا وبا کے ہوتے ہوئے بھی کمپنی کی کارکردگی اچھی رہی اور اختتام سال سے دو ماہ قبل لاک ڈاؤن رہا اس کے باوجود مالی سال ۲۰۱۹-۲۰ کے نتائج حوصلہ افزا رہے کمپنی نے اس سال ۵۱.۳۹۳ ملین روپے کا خام منافع کمایا جو کہ مالی سال ۱۹-۲۰۱۸ میں ۱۱.۲۹۱ ملین روپے تھا۔ Covid-19 کے باعث معاشی سست روی اور غیر یقینی صورتحال کے باعث ملک میں غیر معمولی لاک ڈاؤن رہا جس کے باعث سال کے آخری حصہ میں آمدنی کافی متاثر ہوئی۔

Covid-19 نے بہت سارے کلیدی نظاموں میں پیدا ہونے والے خلا کو نمودار کیا حکومت نے معاشرتی اور معاشی تحفظ کو محفوظ بنانے کے اقدامات کیے۔ ہمارے پلانٹ آپریشن معطل رہے۔ اس وائرس نے صنعتی معاشی نمو کو بری طرح سے متاثر کیا اور پورے ملک میں خام مال کی ترسیل جامد ہو کے رہ گئی۔ جس کے باعث زیر جائزہ مالی سال میں پیداوار اور فروخت کے اہداف حاصل نہ کئے جاسکے۔ عالمی سطح پر تجارت کا گراف نیچے رہا جس سے عالمی معیشت متاثر ہوئی اور اس کو واپس معمول پر آنے میں کافی وقت لگے گا۔

پولیسٹر فلامنٹ یارن (پی ایف وائی) اور پولیسٹر اسٹپیل فائبر (پی ایس ایف) ویونگ، بٹائی، کتائی اور گھریلو ٹیکسٹائل میں ہونے والی برآمدات اور درآمدات کیلئے اہم خام مال ہے۔ یہ دونوں مقامی گھریلو صنعتیں پی ایف وائی اور پی ایس ایف پرائیمری ڈیمینڈ ڈیوٹی جیسے تحفظ کی متقاضی ہیں۔ درآمد کنندگان پر عائد ٹیکس میں کمی مقامی صنعت پر براہ راست نقصان پہنچائے گی۔

پی ایس ایف اور پی ایف وائی مارکیٹ کی صورتحال

جیسا کہ اوپر بیان کیا گیا ہے مالی سال ۲۰۱۹-۲۰ میں تاریخ کا ایک غیر معمولی دور داخل ہوا کیونکہ کرونا وائرس نے ملک کی باقی مارکیٹوں کی طرح پی ایس ایف اور پی ایف وائی مارکیٹ میں بھی غیر معمولی صورتحال پیدا کر دی۔ پی ایف وائی مارکیٹ کو جولائی ۲۰۱۹ سے متعدد تار چڑھاؤ کا سامنا رہا جس کی بڑی وجوہات غیر رجسٹرڈ شدہ کاروبار پریکٹسوں میں ردوبدل اور قومی شناختی کارڈ کی شرط کے علاوہ درآمد ہونے والے پی ایف وائی شامل ہیں جولائی تا ستمبر ۲۰۱۹ میں باہر سے آنے والے مال کی مانگ زیادہ رہی کیونکہ اس کا ریٹ کم تھا اور مقامی مال پر بکری ٹیکس عائد ہو چکا تھا نومبر ۲۰۱۹ میں شناختی کارڈ کی شرط میں نرمی کے باعث مقامی مال کی مانگ بڑھنے لگی۔

CERTIFICATE

The company

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

is granted authorisation according to STANDARD 100 by OEKO-TEX® to use the STANDARD 100 by OEKO-TEX® mark, based on our test report **20200K1462**

OEKO-TEX®
CONFIDENCE IN TEXTILES
STANDARD 100



2018OK1181 AITEX

Tested for harmful substances
www.oeko-tex.com/standard100



for the following articles:

Raw polyester filament yarn.

The results of the inspection made according to STANDARD 100 by OEKO-TEX®, Annex 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 Annex 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 30.09.2021

Alcoy (Alicante) España, 24.09.2020

Silvia Devesa Valencia
Innovation Assistant Manager



Isabel Soriano Sarrió
Chief of Innovation Area





Notice of Meeting

Notice is hereby given that the Fortieth Annual General Meeting of Rupali Polyester Limited (“the Company”) will be held at Rupali House, 241-242 Upper Mall Scheme, Anand Road, Lahore on Tuesday, 27 October 2020 at 10:00 a.m. (through Zoom and with compliance of quorum requirement) to transact the following business:

Ordinary Business:

- 1) To confirm the minutes of Thirty Ninth Annual General Meeting of the Company held on 26 October 2019.
- 2) To receive, consider and adopt Annual Audited Financial Statements of the Company together with the Directors and Auditors Reports thereon for the year ended 30 June 2020.
- 3) To appoint Auditors of the Company and to fix their remuneration. The retiring Auditors M/s. Qavi & Co., Chartered Accountants being eligible have offered themselves for reappointment.

Special Business:

- 4) (a) To approve transactions conducted with associated companies (related parties) for the year ended 30 June 2020 by passing the following special resolution:

“RESOLVED THAT the following transactions conducted with associated companies (related parties) for the year ended 30 June 2020 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	1,106,663	207,195	-
Rupali Nylon (Pvt.) Limited.	Purchase of goods and services	79	-	-
Soneri Bank Limited	Profit on Bank deposits	-	-	4,495

(b) To authorize Chief Executive Officer of the Company to approve transactions with Related Parties for the year ending 30 June 2021 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 2021.

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

Other Business

- 5) 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:
23 September 2020

S. Ghulam Shabbir Gilani
Company Secretary

Notes:

- 1) Share transfer books of the Company will remain closed from 22 October 2020 to 27 October 2020 (both days inclusive). Transfers received at the registered office or Share Registrar 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 2020 will be treated in time for corporate actions (if any).
- 2) Owing to prevailing circumstances of COVID-19 pandemic across the Country and as per Circular No.5 of 2020 dated 17 March 2020 and Circular No.25 of 2020 dated 31 August 2020 of Securities and Exchange Commission of Pakistan, the Company has decided to hold its Annual General Meeting through Zoom.

To attend the AGM through Zoom, members are requested to register themselves by providing the following information through email at info@rupaligroup.com at least 48 hours before the AGM.

Name of Shareholders	CNIC Number	Folio Number/CDC Account No.	Cell Number	Email Address

Members will be registered, after verification as per the above requirement and will be provided a Zoom link by the Company via email provided by them.

The login facility will remain open from 9:45 a.m. till conclusion of the meeting.

The shareholders are also encouraged to send their comments/suggestions, related to the Agenda items of the Annual General Meeting on the above mentioned email address or WhatsApp/SMS on 0323-4123854 or 0300-4799881 by the close of business hours (5:00 p.m.) on 21 October 2020.

- 3) 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.
- 4) 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.

- 5) **Submission of copy of CNIC (Mandatory):**
In order to comply with the directives of Securities and Exchange Commission of Pakistan issued from time to time, the shareholders are requested to kindly send photocopy of their CNICs to us immediately at our address "Rupali House, 241-242 Upper Mall Scheme, Anand Road, Lahore-54000 or our Share Registrar M/s. THK Associates (Pvt.) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi-75400". The shareholders who have already provided CNIC 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.
- 6) **Circulation of Audited Financial Statements through email**
Members are hereby informed that Securities and Exchange Commission of Pakistan vide SRO No. 787(I)/2014 dated 8 September 2014 has allowed companies to circulate Audited Financial Statements along with notice of

annual general meeting to their members through email 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

7) E-Voting

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

8) 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.

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

Under the provisions of Section 242 of the Companies Act, 2017, Securities & Exchange Commission of Pakistan 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).

10) 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 Member

11) Availability of Audited Financial Statements on Company's Website

The audited financial statements of the Company for the year ended 30 June 2020 have been made available on the Company's website www.rupaligroup.com

12) 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.

13) Deposit of Physical Shares into CDC Account

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 shareholder 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 Fortieth Annual General Meeting of Rupali Polyester Limited to be held on 27 October 2020.

Agenda Item No. 4 (a) – Transactions carried out with associated companies (related parties) during the year ended 30 June 2020 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 Rule 15, Chapter IV of the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Rule 5.6.6(a) 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. 4 (b) – Authorization to Chief Executive Officer for Related Party Transactions to be carried out with associated companies during the year ending 30 June 2021 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 2021 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 2021. The summary of commercial reasons, nature and scope of Related Party Transactions are explained in the proposed resolution. However, these transactions shall be placed before the shareholders in the next General Meeting for their approval/ratification.

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

Statement of Compliance

with the Listed Companies (Code of Corporate Governance) Regulations, 2019

Name of Company - Rupali Polyester Limited
Year Ended - 30 June 2020

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. Aymna 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 seven 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. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
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 the Board;
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. The Board has arranged Directors' Training program as per the Regulations;
10. The Board has approved appointment of Chief Financial Officer, 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. Chief Financial Officer and Chief Executive Officer 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:
- Audit Committee, quarterly (or more if required to convene)
 - 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 Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;
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 requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with;

Explanations:

19. Explanation for non-compliance with requirements, other than regulations 3,6,7,8,27,32,33 and 36 is below:

Regulations	Explanation
6	With regard to compliance with Regulation 6 of the CCG we may explain that election of Directors took place in 2018 with the number of Independent Directors as 2. The number of Independent Directors would be reviewed in next election of Directors.
9	The positions of Chairman and CEO shall be given to two different persons after reconstitution of the Board in next term.

For and on behalf of the Board of Directors

Nooruddin Feerasta
Chairman

Shehzad Feerasta
Director

Lahore: 23 September 2020



Chartered Accountants

Suite No. 18, 1st. Floor, RB-3,
Awami Complex, Usman Block,
New Garden Town, Lahore.
Tel. : 92-42-35830216
Fax : -042-35885860
E-mail : qavi14@wol.net.pk

INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF RUPALI POLYESTER LIMITED

REVIEW REPORT ON STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **RUPALI POLYESTER LIMITED** (the Company) for the year ended 30 June 2020 in accordance with the requirements of regulation 36 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 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.

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.

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, 2020.

Further, we highlight below instances of non-compliance with the requirement of the Regulations as reflected in the paragraph reference wherein it is stated in the Statement of Compliance:

Paragraph Reference	Description
i) 6	It is mandatory that each listed company shall have at least two, or one third members of the Board, whichever is higher, as independent directors.
ii) 9	The Chairman and the chief executive officer of a company, by whatever name called, shall not be the same person.

Chartered Accountants

Place: Lahore

Dated: September 23, 2020

Engagement Partner: Ghulam Abbas



Chartered Accountants

Suite No. 18, 1st. Floor, RB-3,
Awami Complex, Usman Block,
New Garden Town, Lahore.
Tel. : 92-42-35830216
Fax : -042-35885860
E-mail : qavi14@wol.net.pk

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
RUPALI POLYESTER LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of RUPALI POLYESTER LIMITED (the Company), which comprise the statement of financial position as at June 30, 2020, 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, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2020 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:

See

Key Audit Matters	How the matters were addressed in our report
<p>1. <u>First Time Adoption of IFRS - 16</u></p> <p>Refer to note 4.1 of financial statements, the Company has applied IFRS-16 for the first time using the modified retrospective approach.</p> <p>The International Financial Reporting Standard 16 "Leases" (IFRS 16) became applicable for the first time for the preparation of the Company's Annual financial statements for the year ended June 30, 2020. The Company has adopted IFRS 16 retrospectively with effect from July 1, 2019, but has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in IFRS16.</p>	<p>Amongst others, following key audit procedures were performed:</p> <ul style="list-style-type: none"> - Obtained an understanding of the Company's adoption of IFRS 16 and identified the internal controls adopted by the Company for the accounting, processes and systems under the new accounting standard; - Evaluated the management's assessment for the appropriateness of classification of short-term leases; - Checked the accuracy of underlying source data by agreeing leases to supports; - - Assessed the lease agreements and conditions and compared these with the exceptions stated with-in IFRS – 16. - Recalculated the amounts of short-term leases independently and assessed the reasonableness of assumptions made by the management; and - Assessed the adequacy of disclosures as required under the applicable financial reporting framework and Companies Act, 2017.

QAVI

Key Audit Matters	How the matters were addressed in our report
<p data-bbox="312 544 512 577"><u>2. COVID – 19</u></p> <p data-bbox="228 599 600 721">Refer note 1.1 to the financial statements regarding the impact of COVID-19.</p> <p data-bbox="228 809 600 1539">As part of the preparation of the financial statements, management is responsible to assess the possible effects of COVID-19 on the company's liquidity and related ability to continue as a going concern and appropriately disclose the results of its assessment in the financial statements. The COVID-19 pandemic is an unprecedented challenge for humanity and for the economy globally, and at the date of the financial statements its effects are subject to uncertainty.</p> <p data-bbox="228 1628 600 2015">Management prepared a financial and liquidity risk analysis addressing amongst others future compliance with financing conditions as well as financing and cash requirements to ensure continuation of the company's operations.</p>	<p data-bbox="619 588 1398 665">We considered the uncertainties arising from COVID-19 in planning and performing our audit.</p> <p data-bbox="619 721 935 754">Our procedures included:</p> <ul data-bbox="619 809 1398 2116" style="list-style-type: none"> <li data-bbox="619 809 1398 964">- Evaluated the company's most recent financial results forecasts and liquidity analysis underlying their going concern assessment and tested the integrity of the forecasts, including mathematical accuracy; <li data-bbox="619 1019 1398 1141">- Assessed the reliability of the forecasted cash flows by comparing with the historical performance and market expectations; <li data-bbox="619 1196 1398 1318">- Discussed the most recent forecast with management to understand their views on going concern and the potential impact of COVID-19 on the company; <li data-bbox="619 1373 1398 1495">- Evaluated the assumptions in respect of projected available future cash flows from operating, financing and investing activities and projected key ratios for covenant calculations; <li data-bbox="619 1550 1398 1672">- Inspected supporting documentation such as contracts and underlying calculations and correspondence with financing and other relevant parties; <li data-bbox="619 1727 1398 1937">- Evaluated the company's assessment of other accounting estimates within the financial statements which could be impacted by the challenging economic environment resulting from COVID-19, including trade receivables and inventory provisioning; and <li data-bbox="619 1993 1398 2116">- Considered the appropriateness of the disclosures made in the financial statements in respect of the potential impact of COVID-19.

QAVI

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

Sec.

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.

Qavi.

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 **Ghulam Abbas**.



Lahore

Dated: 23 – Sep - 2020

A person wearing a dark, vertically striped shirt is holding a clipboard with a silver clip. The clipboard contains a document with a bar chart. In the background, a desk is visible with a laptop and a white keyboard. The scene is brightly lit, likely from a window. A dark blue banner is overlaid on the image, containing white text.

Audited Financial Statements

for the year ended 30 June 2020

Statement of Financial Position

as at 30 June 2020

Rupees in thousand	Note	2020	2019
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	3,082,353	3,292,034
Right-of-use assets	7	-	3,477
Investment property	8	567,500	462,500
Long-term security deposits	9	4,281	4,396
		3,654,134	3,762,407
CURRENT ASSETS			
Stores, spares and loose tools	10	1,264,934	873,121
Stock-in-trade	11	1,042,770	873,093
Trade receivables from contracts with customers	12	984	73,362
Other receivables	13	260,989	342,546
Loans and advances	14	157,997	13,571
Trade deposits and short-term prepayments	15	-	265
Taxation - net	16	72,106	43,842
Cash and bank balances	17	310,633	32,388
		3,110,413	2,252,188
		6,764,547	6,014,595
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 35,000,000 (2019: 35,000,000) ordinary shares of Rs. 10 each		350,000	350,000
Issued, subscribed and paid-up capital	18	340,685	340,685
Reserves	19	372,861	359,557
Surplus on revaluation of freehold land	20	1,719,056	1,719,056
		2,432,602	2,419,298
		2,432,602	2,419,298
NON-CURRENT LIABILITIES			
Long-term financing	21	94,369	94,370
Staff retirement benefits	22	169,000	165,594
Lease liabilities	23	-	-
Deferred taxation	24	271,509	279,723
		534,878	539,687
CURRENT LIABILITIES			
Trade and other payables	25	852,044	1,345,791
Short-term borrowings	26	2,837,449	1,564,985
Accrued mark-up		58,634	47,971
Unclaimed dividend		1,755	1,509
Current portion of long-term borrowings	27	47,185	95,354
		3,797,067	3,055,610
CONTINGENCIES AND COMMITMENTS			
	28	6,764,547	6,014,595

The annexed notes 1 to 47 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 2020

Rupees in thousand	Note	2020	2019
Sales	29	5,914,249	9,053,741
Cost of sales	30	(5,520,731)	(8,562,629)
Gross profit		393,518	491,112
Selling and distribution expenses	31	(17,909)	(24,368)
Administrative and general expenses	32	(164,092)	(166,407)
Other expenses	33	(15,364)	(22,168)
Other income	34	145,615	64,494
Operating profit		341,768	342,664
Finance cost	35	(232,967)	(168,362)
Profit before taxation		108,801	174,302
Provision for taxation	36	(75,291)	(119,327)
Profit after taxation		33,510	54,975
(Rupees)			
Earnings per share - basic and diluted	37	0.98	1.61

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

The annexed notes 1 to 47 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 2020

Rupees in thousand	Note	2020	2019
Profit after taxation		33,510	54,975
Other comprehensive income			
Items that will not be reclassified to statement of profit or loss:			
- Remeasurement gain on defined benefit obligation		19,524	(4,558)
- Deferred tax credit relating to remeasurement of defined benefit obligation		(5,662)	1,322
Items that may be reclassified subsequently to statement of profit or loss:			
- Surplus on revaluation of freehold land		-	-
Other comprehensive income (loss) for the year		13,862	(3,236)
Total comprehensive income		47,372	51,739

The annexed notes 1 to 47 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 2020

Rupees in thousand	Note	2020	2019
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	38	(594,497)	1,089,106
Finance costs paid		(222,304)	(148,949)
Income tax paid		(117,374)	(8,812)
Workers welfare fund paid		–	(2,843)
Workers profit participation fund paid		(6,673)	(4,920)
Staff retirement benefits paid		(15,203)	(17,180)
Long term deposits		115	–
Net cash (outflow) / inflow from operating activities		(955,936)	906,402
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		38,912	(251,950)
Proceeds from disposal of property, plant and equipment		–	3,735
Profit / Mark-up received		4,798	2,547
Net cash inflow / (outflow) from investing activities		43,710	(245,668)
CASH FLOW FROM FINANCING ACTIVITIES			
Long-term financing obtained		–	56,949
Long-term financing repaid		(47,185)	(82,980)
Payments against lease liabilities		(985)	(1,192)
Dividend paid		(33,822)	(33,670)
Short-term borrowings obtained and repaid - net		1,272,464	(581,958)
Net cash inflow / (outflow) from financing activities		1,190,472	(642,851)
Net decrease in cash and cash equivalents		278,245	17,883
Cash and cash equivalents at the beginning of the year		32,388	14,482
Effect of exchange rate fluctuations		–	23
Cash and cash equivalents at the end of the year	17	310,633	32,388

The annexed notes 1 to 47 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 2020

(Rupees '000)

	Issued, subscribed and paid-up capital	Capital Reserves	Revenue Reserves		Surplus on revaluation of freehold land	Total
		Share premium (note-19)	General reserve	Accumulated Loss		
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 loss for the year ended 30 June 2019	–	–	–	(3,236)	–	(3,236)
- Dividend for the year ended June 30, 2018	–	–	–	(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
Balance as on 01 July 2019	340,685	71,490	1,664,125	(1,376,058)	1,719,056	2,419,298
Total Comprehensive income						
- Profit for the year ended 30 June 2020	–	–	–	33,510	–	33,510
- Other comprehensive income for the year ended 30 June 2020	–	–	–	13,862	–	13,862
- Dividend for the year ended June 30, 2019	–	–	–	(34,068)	–	(34,068)
	–	–	–	13,304	–	13,304
Balance as on 30 June 2020	340,685	71,490	1,664,125	(1,362,754)	1,719,056	2,432,602

The annexed notes 1 to 47 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 2020

1 Legal status, nature and geographical locations 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 1st floor, Gul Tower, I.I Chundigar Road, Karachi. The Company is principally engaged in the manufacture and sale of polyester products.

1.1 A novel strain of coronavirus (COVID-19) that first surfaced in China was classified as a pandemic by the World Health Organization on March 11, 2020, impacting countries globally. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services and factories have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. The potential impacts from COVID-19 remain uncertain, including, among other things, on economic conditions, businesses and consumers. However, the impact varies from industry to industry in different jurisdictions. Based on management’s assessment, considering demand from its customers, availability of imports and measures taken by Government to support the industry in which the Company operates, COVID-19 does not have a significant impact on the Company’s operations in respect of appropriateness of going concern assumption. For information about any other impact, refer note 44 of these financial statements.

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 and adequately disclosed in the notes to these financial statements, where ever necessary.

3 Basis of preparation

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;

- 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 for certain items as disclosed in the relevant accounting policies below.

3.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupee (Rs. / Rupees) which is the Company’s functional currency. Amounts presented in the financial statements have been rounded off to the nearest thousand Rupees, unless otherwise stated.

Notes to the Financial Statements

for the year ended 30 June 2020

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 statement of profit or loss.

3.4 Key judgments and estimates

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgment in the process of applying the Company's accounting policies. The areas involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes, and relate primarily to;

i) **Useful lives of property, plant and equipment - Note 5.1.1 and 6.1**

The Company reviews the useful lives of fixed assets on a regular basis. Any change in estimates in future years might affect the carrying amounts of respective items of operating fixed assets with a corresponding effect on the depreciation charge and impairment loss.

ii) **Fair value of freehold land - Note 6.5**

The Company uses certain estimates and judgments in determining fair value of freehold land.

iii) **Fair value of investment property - Note 5.3 and 8**

The Company uses certain estimates and judgments in determining fair value of investment property.

iv) **Provisions for expected credit losses**

The Company uses estimates in determining change in credit quality of financial assets.

v) **Staff retirement benefits - Note 5.9 and 22**

The present value of these obligations depends on a number of factors that are determined on actuarial basis using a number of assumptions. Changes in the assumptions will impact the carrying amount of these obligations.

vi) **Contingencies and commitments**

The Company uses assumptions and estimates in disclosure and assessment of provision for contingencies as disclosed in note 28.

vii) **Current and deferred income taxes**

In making the estimates for income taxes payable by the Company, management considers current income tax law and the decisions of appellate authorities on certain cases issued in the past. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax provision in the period in which such final outcome is determined. Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Notes to the Financial Statements

for the year ended 30 June 2020

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 16 Leases

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect.

IFRS - 16 “Leases”

IFRS 16 replaces existing guidance on accounting for leases, including IAS 17 “Leases”, IFRIC 4 “Determining whether an arrangement contains a Lease”, SIC-15 “Operating Leases- Incentive” and SIC-27 “Evaluating the substance of transactions involving the legal form of a Lease”. It results in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases has been removed. Under the new standard, an asset (the right of use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases.

The Company has applied IFRS 16 using the modified retrospective approach and has not restated the comparative information presented for 2019, as permitted under the specific transitional provisions in the standard. As of reporting date, the Company only has short-term lease agreements in place. Therefore, the application of IFRS - 16 has no significant impact of the Company.

“SECP Notification dated July, 29 2019”

The Securities and Exchange Commission of Pakistan (SECP) through its notification dated July 29, 2019 brought certain alterations in fourth schedule to the Act with regard to preparation and presentation of financial statements. These alterations resulted in elimination of certain disclosures in the financial statements of the Company for the year ended June 30, 2020.

4.2 New standards, amendments to approved accounting standards and interpretations that may be effective for the Company

The following amendments 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:

Amendments to the standards		Effective date (annual periods beginning on or after)
IFRS 3	Business Combinations - Definition of a Business (Amendments)	01 January 2020
IAS 1	Presentation on Financial Statements (Amendments)	01 January 2020
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	01 January 2020
IFRS 9	Financial Instruments (Amendments)	01 January 2020
IFRS 7	Financial Instruments - Disclosures (Amendments)	01 January 2020
IFRS 16	Leases - COVID -19 related rent concession	01 June 2020

Notes to the Financial Statements

for the year ended 30 June 2020

The above amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

Further, following new standards have been issued by International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 17	Insurance Contracts

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 and impairment losses, if any, except for freehold land, which is 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 as income / expense in the year of disposal, in statement of profit or loss.

Increases in the carrying amounts arising on revaluation of land are recognised in other comprehensive income and accumulated in revaluation surplus in shareholders' equity, to the extent that increase reverses a decrease previously recognised in the statement of profit or loss, the increase is first recognised in the statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the statement of profit or loss.

Normal repairs and maintenance costs are charged to the statement of profit or loss as and when incurred. Major 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 less impairment loss (if any) 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

Notes to the Financial Statements

for the year ended 30 June 2020

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 statement of profit or 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 of freehold land. 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 2 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 statement of profit or loss.

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

5.4 Financial instruments

5.4.1 The Company classifies its financial assets in the following three categories:

- (a) Financial assets measured at amortized cost;
- (b) Financial assets measured at fair value through other comprehensive income (FVOCI); and
- (c) Financial assets measured at fair value through profit or loss (FVTPL).

(a) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it is held within business model whose objective is to hold assets to collect contractual cash flows, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(b) Financial assets at FVOCI

A financial asset is classified as at fair value through other comprehensive income when either:

Notes to the Financial Statements

for the year ended 30 June 2020

- (i) It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; or
- (ii) It is an investment in equity instrument which is designated as at fair value through other comprehensive income in accordance with the irrevocable election available to the Company at initial recognition.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(c) **Financial assets at FVTPL**

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income, as aforesaid.

Such financial assets are initially measured at fair value.

5.4.2 Initial recognition

All financial assets are recognised at the time the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Company commits to purchase or sell the assets. Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs associated with these financial assets are taken directly to the statement of profit or loss.

5.4.3 Subsequent measurement

(a) **Financial assets measured at amortized cost**

These assets are subsequently measured at amortized cost (determined using the effective interest method) less accumulated impairment losses.

Interest / markup income, foreign exchange gains and losses and impairment losses arising from such financial assets are recognized in the statement of profit or loss.

(b) **Assets at Financial FVOCI**

These are subsequently measured at fair value less accumulated impairment losses.

A gain or loss on a financial asset measured at fair value through other comprehensive income is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified. When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment (except for investments in equity instruments which are designated as at fair value through other comprehensive income in whose case the cumulative gain or loss previously recognized in other comprehensive income is not so reclassified). Interest is calculated using the effective interest method and is recognised in profit or loss.

Notes to the Financial Statements

for the year ended 30 June 2020

- (c) Financial assets at FVTPL
These assets are subsequently measured at fair value.

Net gains or losses arising from remeasurement of such financial assets as well as any interest income accruing thereon are recognized in statement of profit or loss.

5.4.4 Impairment

The Company applies the IFRS 9 'Simplified Approach' to measuring expected credit losses which uses a lifetime expected loss allowance for trade debts and other receivables. The Company measures expected credit losses in a way that reflects an unbiased and probability-weighted amount, time value of money and reasonable and supportable information at the reporting date about the past events, current conditions and forecast of future economic conditions. The Company recognises in statement of profit or loss, as an impairment loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

5.4.5 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.

5.5 Trade debts, loans, advances and other receivables

These are initially measured at fair value of consideration receivable. Subsequently, these are measured at amortised cost. These cost are written off when there is no reasonable expectation of recovery. Credit loss, if any, is based on expected credit loss.

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 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position are carried at cost. It comprises of cash at banks, cash in hand and short-term highly liquid deposits, if any.

Notes to the Financial Statements

for the year ended 30 June 2020

5.9 Staff retirement benefits

5.9.1 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 latest actuarial valuation being carried out at 30 June 2020.

5.9.2 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.

5.10 Compensated absences

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

5.11 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.

5.12 Provisions

A provision is recognized in the statement of financial position 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.

5.13 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.

5.14 Revenue recognition

The Company is in the business of sale of goods i.e Polyester products. Revenue 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 Company has a policy of advance sale receipt and where it is not practicable, the normal credit term is 1 to 7 days.

Notes to the Financial Statements

for the year ended 30 June 2020

The Company considers whether there are other promises in the contract with customers that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., right of returns, volume rebates or any other 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). As a result, only the following transactions are considered relevant or, in any way, affect Company's revenue from customers.

Rebates - Discounts

The Company provides rebates (discounts) on certain products sold to dealers, distributors and wholesalers of polyester products. Therefore, invoice to customer is issued net of discount (where applicable) and also the revenue is recorded net of rebate - discount.

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 or is actually received).

5.15 Profit on bank deposit

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

5.16 Dividend income

Dividend income is recognised when the right to receive dividend is established.

5.17 Taxation

5.17.1 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.

5.17.2 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.

Notes to the Financial Statements

for the year ended 30 June 2020

5.18 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.

5.19 Transaction with related party

All transactions with related parties are entered into at arm's length basis, as defined in Companies Act 2017, excluding the following;

- a) The Chief Executive Officer (CEO) and some of the directors of the Company did not draw any salary during the year (note - 40), and
- b) The Company has obtained an interest free loan, the details of which are disclosed in note 26.4.

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

	2020		2019		Owned Assets							Total	
	(Rupees '000)		(Rupees '000)		Freehold Land	Factory on freehold land	Building	Office building	Roads	Plant & machinery	Furniture & fittings		Vehicles

Operating fixed assets	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				
Capital work - in-progress	-	3,851	488	-	-	-	3,381	2,241	3,831	914	14,706				
Disposals / write offs:	-	-	-	-	-	-	-	-	-	-	2,918				2,918
- Cost	-	-	-	-	-	-	-	-	-	-	-				-
- Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-				-
Depreciation Charge	-	(10,493)	(628)	(6,912)	(93)	(146,678)	(904)	(4,851)	(2,874)	(254)	(173,687)				
Closing net book value (NBV)	1,446,840	96,366	12,165	131,326	1,776	1,320,104	9,893	22,784	28,028	2,669	3,071,951				
Gross carrying value basis															
As at 30 June 2020	1,446,840	301,050	25,906	233,988	5,545	3,963,222	33,863	57,329	93,582	8,258	6,169,583				
Cost	-	(204,684)	(13,741)	(102,662)	(3,769)	(2,643,118)	(23,970)	(34,545)	(65,554)	(5,589)	(3,097,632)				
Accumulated depreciation	1,446,840	96,366	12,165	131,326	1,776	1,320,104	9,893	22,784	28,028	2,669	3,071,951				
Net book value (NBV)	-	10	5	5	5	10	10	20	10	10	-				
Depreciation rate p. a. (%)	-	10	5	5	5	10	10	20	10	10	-				

- Net carrying value basis
Year ended 30 June 2019
Operating net book value (NBV)
Additions (at cost)
Transfer
Disposals / write offs:
- Cost
- Accumulated depreciation

Operating 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				
Additions (at cost)	-	48,852	-	12,280	333	350,026	24	5,497	4,937	-	421,949				
Transfer	-	-	-	-	-	(2,973)	-	-	-	-	(2,973)				
Disposals / write offs:	-	-	-	-	-	-	-	-	-	-	-				
- Cost	-	-	-	-	-	-	-	(1,189)	(30)	-	(1,219)				
- Accumulated depreciation	-	-	-	-	-	-	-	1,167	4	-	1,171				
Depreciation Charge	-	(7,100)	(647)	(6,683)	(88)	(130,987)	(822)	(4,835)	(2,613)	(223)	(153,998)				
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				
Gross carrying value basis															
As at 30 June 2019	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				
Cost	-	(194,191)	(13,113)	(95,750)	(3,676)	(2,496,440)	(23,066)	(26,156)	(62,680)	(5,335)	(2,920,407)				
Accumulated depreciation	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				
Net book value (NBV)	-	10	5	5	5	10	10	20	10	10	-				
Depreciation rate p. a. (%)	-	10	5	5	5	10	10	20	10	10	-				

- 6.2 The depreciation charge has been allocated as follows:

	2020	2019
	(Rupees '000)	(Rupees '000)
Cost of sales	157,518	138,398
Selling and distribution expenses	808	780
Administrative and general expenses	15,361	14,820
	173,687	153,998

Notes to the Financial Statements

as at 30 June 2020

(Rupees in thousand)		2020	2019	
6.3	Capital work-in-progress			
	Civil works	1,829	4,085	
	Plant and machinery	5,862	53,303	
	Vehicles	-	47	
	Office equipment	2,515	2,776	
	Furniture and fixture	196	3,809	
		10,402	64,020	
6.4	Particulars of immoveable assets the Company are as follows			
	<u>Location</u>	<u>Address</u>	<u>Usage of property</u>	<u>Total area</u>
			(sq.ft)	
	Lahore	241-242 Upper Mall Scheme, Anand Road, Lahore	Head office	54,994
	Lahore	Property Number S.42 - R/3/1 Race Course Road, Lahore	Investment property	27,225
	Sheikhupura	30.2 KM Lahore - Sheikhupura Road	Production plant	5,249,524
	Karachi	1st floor, Gul Tower, I.I Chundrigar Road, Karachi	Regional office	2,439

6.5 Revalued freehold land and fair value measurement

The fair value of the Company's land is determined periodically by an independent professionally qualified valuer. The latest revaluation exercise was carried out in financial year 2017 by M/s Hamid Mukhtar & Co. (Pvt.) Limited, who is independent valuer and is not related to the Company. The valuer has appropriate experience in fair value measurement of properties in the relevant locations. The fair value of the land was determined based on the market comparable approach that reflects recent transaction prices for similar properties. This is in accordance with Level - 2 input of IFRS - 13. There has been no change to the valuation technique during the year. Had this free hold land not been revalued ever, the carrying amount of the land would have been Rs: 21.172 million. The valuer was of the opinion that fair market rate of the plot is Rs. 1.5 million per kanal at that date with forced sale value of Rs: 1.20 million per kanal, amounting to Rs: 1,446.840 million and 1,157.472 million respectively. An estimated fair value of the plot, as at 30 June 2020, amounts to Rs: 12 million per acre. As the fair value of the land is not materially different from book value, therefore the Company has not carried out a fresh revaluation exercise.

6.6 Fair Value hierarchy

Details of fair value hierarchy of freehold land, in accordance with IFRS - 13, is as follows:

	Level 2	Level 3	Fair Value as at 30 June 2020	Level 2	Level 3	Fair Value as at 30 June 2019
Freehold land	1,446,840	-	1,446,840	1,446,840	-	1,446,840

6.7 Security

The plant and machinery is subject to first charge amounting to Rs: 667 million on account of long term loan from MCB Bank Limited and certain guarantees issued by bank on behalf of the Company.

7 Right of use assets

The Company has vehicles classified as right of use assets. The carrying amount and movement of these, during the period, is as follows:

Notes to the Financial Statements

as at 30 June 2020

(Rupees in thousand)

	Honda City	Toyota Fortuner	Total
As at 01 July 2018	978	3,368	4,346
Depreciation charge	(196)	(673)	(869)
As at 30 June 2019	782	2,695	3,477
Depreciation charge	(65)	(494)	(559)
Transfer	(718)	(2,200)	(2,918)
As at 30 June 2020	-	-	-

- 7.1** The Company's obligations under its leases are secured by the lessor's title to the leased assets. During the year, leased vehicles have been transferred to owned assets (note 6.1 transfers from right of use assets), as the Company has exercised the bargain purchase option.

Rupees in thousand	2020	2019
7.2 Allocation of depreciation charge of right of use assets		
Selling and distribution expenses	28	43
Administrative and general expenses	531	826
	559	869
8 Investment property		
Fair value at the beginning of the year	462,500	437,500
Fair value gain during the year	8.1 105,000	25,000
Fair value at the end of the year	567,500	462,500

- 8.1** This represents freehold land, owned by Company and held for capital appreciation. The fair value of investment property was determined as at 30 June 2020 by M/S Masood Associates (Pvt.) Limited, an independent valuer having relevant professional qualifications. The fair value was determined on the basis of professional assessment of the price that would be received to sell the property in an orderly transaction between market participants at the measurement date. The valuation model of land is based on price per acre. In determining the valuation, the valuer refers to numerous independent market inquiries from local estate agents / realtors in the vicinity to establish the present market value. The capitalization rate adopted is made by reference to the yield rates observed by the valuers for similar properties in the locality and adjusted based on the valuers' knowledge of the factors specific to the respective properties. The fair valuation is considered to represent a level 2 valuation, in accordance with IFRS - 13, based on observable inputs being the location and condition of the assets. The forced sale value as at 30 June 2020 amounts to Rs: 482.375 million (2019: Rs. 397.375 million). The fair value gain, during the year, has been recognised in statement of profit or loss in accordance with fair value model of IAS - 40.

8.2 Fair Value hierarchy

	Level 2	Level 3	Fair Value as at 30 June 2020	Level 2	Level 3	Fair Value as at 30 June 2019
Investment property	567,500	-	567,500	462,500	-	462,500

Notes to the Financial Statements

as at 30 June 2020

8.3 Security

MCB Bank Limited has registered 1st hypothecation charge by way of equitable mortgage over this investment property amounting to collateral value of Rs: 300 million, on account of long term loan obtained by the Company and certain guarantees issued by bank on behalf of the Company.

Rupees in thousand	Note	2020	2019
9 Long-term deposits			
Security deposits		4,281	4,396
		<u>4,281</u>	<u>4,396</u>
10 Stores, spares and loose tools			
Stores -			
- In hand		112,336	127,907
Spares -			
- In hand		828,409	727,117
- In transit		317,649	11,321
		<u>1,146,058</u>	<u>738,438</u>
Loose tools -			
- In hand		6,540	6,776
		<u>1,264,934</u>	<u>873,121</u>
11 Stock-in-trade			
Raw and packing materials -			
- In hand		775,229	258,223
- In transit		4,980	-
		<u>780,209</u>	<u>258,223</u>
Work-in-process		41,172	67,261
Finished goods	11.1	221,389	547,609
		<u>1,042,770</u>	<u>873,093</u>
11.1	Finished goods of Rs. 86.007 million (2019: 300.614 million) are being carried at net realisable value and an amount of Rs. 4.911 million (2019: 5.554 million) has been charged to cost of sales.		
12 Trade receivables from contracts with customers			
Unsecured - Considered good - Jurisdiction in Pakistan			
Due from an associated Company	12.1	967	-
Due from other parties		17	73,362
		<u>984</u>	<u>73,362</u>

12.1 This represents an amount due from Rupafil Limited, an associated Company by virtue of Common Directorship. The maximum aggregate amount outstanding at any time during the year calculated by reference to month-end balances amounts to Rs: 103.826 million. None of this balance is considered as impaired and neither any of the receivable from Rupafil Limited has been written off nor considered doubtful.

12.2 The aging analysis of trade receivables from contract with customers due from Rupafil limited, an associated Company, is as follows:

Notes to the Financial Statements

as at 30 June 2020

(Rupees in thousand)	2020	2019
Not overdue	-	-
Past due less than 30 days	967	-
Past due less than 60 days	-	-
Past due less than 90 days	-	-
Past due less than 365 days	-	-
Past due over 365 days	-	-
	967	-
12.3 The aging analysis of trade receivables from contract with customers due from other parties is as follows:		
Not overdue	-	-
Past due less than 30 days	17	73,362
Past due less than 60 days	-	-
Past due less than 90 days	-	-
Past due less than 365 days	-	-
Past due over 365 days	-	-
	17	73,362

- 12.4** The Company has applied a simplified approach in determining expected credit loss and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the trade receivables and the economic environment. The Company has no historical credit loss experience. Therefore, no allowance for expected credit loss has been recognised in these financial statements in respect of trade receivables from contract with customers.

(Rupees in thousand)	Note	2020	2019
13 Other Receivables			
Due from related party and associated companies	13.1	42,010	41,941
Sales tax refundable	13.6	197,388	281,857
Others	13.7	21,591	18,748
		260,989	342,546
13.1 This represents receivable in respect of expenses incurred on behalf of related party and associated companies. The amount is unsecured and is repayable within a span of 6 month from reporting date.			
13.2 Other receivables due from related party and associated companies include the following:			
Spintex Limited - a related party		41,908	41,910
Rupafil Limited - an associated company		71	-
Rupafil PowerGen (Pvt.) Limited - an associated company		31	31
		42,010	41,941

Notes to the Financial Statements

as at 30 June 2020

13.3 The aging analysis of other receivable due from a related party and associated Companies is as follows:

(Rupees in thousand)	2020	2020	2020	2020	2019
	Spintex Limited	Rupafil Limited	Rupafil Power Gen (Pvt.) Limited	Total	Total
Not over due	-	-	-	-	-
Past due less than 30 days	7,962	71	-	8,033	-
Past due less than 60 days	29,335	-	-	29,335	-
Past due less than 90 days	4,610	-	-	4,610	-
Past due less than 365 days	-	-	-	-	41,910
Past due over 365 days	-	-	31	31	31
				42,010	41,941

13.4 Analysis of other receivables from related party and associated companies

Name of related party / associated company	Gross amount due	Past due receivables	Provision / (Reversal) of provision for doubtful receivables	Net amount due	Maximum amount outstanding at any time during the year
- Spintex Limited	41,908	41,908	-	41,908	41,920
- Rupafil Limited	71	71	-	71	71
- Rupafil PowerGen (Pvt.) Limited	31	31	-	31	31

13.5 These receivables do not contain any financing component and the Company uses simplified approach for estimating the expected credit loss on receivable due from related parties. The Company has not experienced any historical credit loss on account of any amount due from related party, therefore no allowance for expected credit loss has been recognised in these financial statements.

13.6 This represents an amount due from Federal Board of Revenue (FBR) on account of sales tax refundable. During the year, an amount of Rs: 70.679 million has been refunded to the Company.

13.7 This mainly include amounts receivable from Federal Board of Revenue (FBR) and Sui Northern Gas Pipeline Limited (SNGPL). The Company believes that the relevant inflow of benefit is virtually certain. Therefore, no expected credit loss has been recognised in respect of these receivables.

(Rupees in thousand)	Note	2020	2019
14 Loans and advances - Considered good			
Loans due from employees - non executive	14.1	866	1,982
Advance to a related party	14.2	143,000	-
Advances to staff for expenses		182	304
Advances to suppliers		13,949	11,285
		157,997	13,571

Notes to the Financial Statements

as at 30 June 2020

14.1 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% (2019: 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. 2.123 million (2019: Rs. 2.441 million). The chief executive officer and directors have not taken any loan or advance from the Company.

14.2 During the year, the Company signed a memorandum of Understanding(MoU) with Spintex Limited, a related party, for purchase of machinery spare parts. Under the terms of MoU, the Company has to make an advance payment of Rs: 170 million and the transaction shall be completed with-in a span of 12 months from date of signing of MoU. The amount is unsecured and maximum aggregate amount outstanding at any time during the year calculated by reference to month-end balances amounts to Rs: 143 million. During the year, nether any of the advance has been written off nor considered doubtful.

(Rupees in thousand)	Note	2020	2019
15 Trade deposits and short-term prepayments			
Deposits - Considered good			
Margin on bank guarantees		-	265
16 Taxation - net			
Opening balance		43,842	131,274
Tax payments / adjustments during the year		116,978	8,238
		160,820	139,512
Provision for taxation	36	(88,714)	(95,670)
		72,106	43,842
The income tax assessment of the company has been finalized up to Tax Year 2019 (accounting year ended 30 June 2019). Return for the tax year 2019 has been duly filed.			
17 Cash and bank balances			
Balance with banks			
- Current accounts		185	24,869
- PLS Accounts			
- Local currency	17.1	310,315	7,329
- Foreign currency	17.2	30	30
		310,530	32,228
Cash in hand			
- Local currency		77	81
- Foreign currency		26	79
		103	160
		310,633	32,388

17.1 The balances in PLS accounts carry mark-up rate ranging between 6.53% to 11.25% (2019: 4.00% to 10.25%) for local currency and nil (2019: nil) for foreign currency.

17.2 Cash at banks in PLS accounts include US \$ 181.12(2019: US \$ 181.12).

Notes to the Financial Statements

as at 30 June 2020

(Rupees in thousand)		Note	2020	2019
18 Issued, subscribed and paid-up capital				
	2020			2019
	Ordinary shares of Rs. 10 each			Ordinary shares of Rs. 10 each
	9,690,900	- Shares allotted for consideration paid in cash	96,909	96,909
	19,933,895	- Shares issued against non-repatriable investment	199,339	199,339
	4,443,719	- Shares allotted as bonus shares	44,437	44,437
	34,068,514		340,685	340,685

18.1 There has been no movement in ordinary share capital during the year ended 30 June 2020 (2019: same).

18.2 All ordinary shares rank equally with regard to residual assets of the Company. Ordinary shareholders are entitled to receive all distributions including dividends and other entitlements in the form of bonus and right shares as and when declared by the Company. Voting and other rights are in proportion to shareholding.

18.3 Shares held by related parties of the Company

Name of shareholder	2020	2019
	Number of shares	
Mr. Nooruddin Feerasta	500	500
Mr. Muhammad Rashid Zahir	500	500
Mrs. Aymna Feerasta	500	500
Mr. Yaseen M. Sayani	939,833	939,833
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	17,859,290

19 Reserves

Capital reserve			
- Share premium	19.1	71,490	71,490
Revenue reserves			
- General reserve		1,664,125	1,664,125
- Accumulated loss		(1,362,754)	(1,376,058)
		301,371	288,067
		372,861	359,557

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

Notes to the Financial Statements

as at 30 June 2020

20 Surplus on revaluation of freehold land

During the year ended 30 June 2017, the Company carried out revaluation of its freehold land which represents an area measuring nine hundred and sixty four kanals situated at Sheikhpura Road, Lahore. 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.

20.1 The revaluation surplus on freehold land is a capital reserve and is not available for distribution to shareholders of the Company, in accordance with section 241 of the Companies Act, 2017.

(Rupees in thousand)	Note	2020	2019
21 Long-term financing			
From banking companies - secured			
- Utilized under mark-up arrangement	21.1	141,554	188,739
Current portion shown under current liabilities	27	(47,185)	(94,369)
Non-current portion		94,369	94,370

21.1 The Company had obtained a term finance facility from MCB Bank Limited for the purpose of import of plant and machinery, spare parts and related civil works. The facility is secured by way of first charge over plant and machinery and land aggregating to Rs. 667 million. It carries a mark-up at a rate of 6 month KIBOR + 0.5% to be reset on biannual basis. The facility was approved in May 2014 with a grace period of two years. As at reporting date, the Company has paid 7 installments out of total 10 installments. The total tenure of the facility was 7 years with maturity date of 26 May 2021 but this has been extended for 1 year due to COVID - 19 pandemic. Accordingly, three biannual instalments, amounting to Rs: 47.185 million each, are outstanding as at reporting date, starting from May 2021. Markup is payable on quarterly basis in arrears.

22 Staff retirement benefits

22.1 Defined benefit plan - gratuity

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

Annual charge is based on actuarial valuation conducted in accordance with IAS-19 (Revised) -'Employee Benefits' as of 30 June 2020, using the Projected Unit Credit Method.

22.1.1 Principal actuarial assumptions

Following are a few important actuarial assumptions used in valuation:

	2020	2019
Discount rate (%) per annum	8.5	12.5
Expected rate of salary increase in future years (%) per annum	7.5	11.5
Average expected remaining working life time of employees (years)	6	6
Average duration of liability (years)	5	5

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

Notes to the Financial Statements

as at 30 June 2020

- b) **Investment risks**
The Company is not managing any plan asset
- c) **Final salary risks**
The risk that the final salary at the time of cessation of service is higher than what was assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.
- d) **Risk of insufficiency of assets**
The Company is exposed to risk of insufficiency of funds at the time of payment.
- e) **Withdrawal risk**
The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

(Rupees in thousand)	Note	2020	2019
22.1.2 The amount recognised in the statement of financial position			
Present value of defined benefit obligation	22.1.3	169,000	165,594
Less: fair value of plan assets		–	–
Defined benefit liability at the end of the year		169,000	165,594
22.1.3 Reconciliation of present value of defined benefit obligation			
Present value at the beginning of the year		165,594	152,458
Charge for the year - Profit and loss account	22.1.4	38,133	25,758
Charge for the year - Other comprehensive income	22.1.5	(19,524)	4,558
Benefits paid during the year		(15,203)	(17,180)
Present value at the end of the year		169,000	165,594
22.1.4 Amount chargeable to profit or loss for the year			
Current service cost		18,384	15,328
Net interest cost		19,749	10,430
		38,133	25,758
22.1.5 Remeasurement of net defined benefit liability			
Actuarial losses due to changes in financial assumptions		(339)	–
Actuarial losses due to experience assumptions		(19,185)	4,558
		(19,524)	4,558
22.1.6 Charge for the year has been allocated as follows:			
Cost of sales	30	25,907	15,328
Selling and distribution expenses	31	611	522
Administrative and general expenses	32	11,615	9,909
		38,133	25,759
22.1.7 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.			

Notes to the Financial Statements

for the year ended 30 June 2020

(Rupees in thousand)	Effect of 1% increase	Effect of 1% decrease
Present value in case of discount rate	160,189	179,118
Present value in case of future salary growth	179,118	160,035

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 statement of financial position.

22.1.8 Historical information

	As at 30 June 2020	As at 30 June 2019	As at 30 June 2018	As at 30 June 2017	As at 30 June 2016
- Fair value of plant asset	-	-	-	-	-
- Present value of defined benefit obligation	169,000	165,594	152,458	138,587	121,043
- Experience adjustments on plan liabilities	19,185	4,558	-	1,871	-
- Experience adjustments on plan liabilities as a percentage of defined benefit obligation	11%	3%	0%	1%	0%

22.2 Defined contribution plan - provident fund

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

22.2.1 The Trustees have intimated that the size of the Fund at the year end was Rs. 22.159 million (2019: Rs. 27.085 million)

22.2.2 As intimated by the Trustees, the cost of investments made at the year end was Rs. 22.074 million (2019 Rs. 27.050 million), 99.61% of the total fund size (2019: 99.87%). Since the aforementioned funds are invested in PLS accounts therefore, the fair value of the investments equals its cost.

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

23 Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the period:

Notes to the Financial Statements

for the year ended 30 June 2020

(Rupees in thousand)	Note	2020	2019
As at 1 July		985	2,176
Interest expense relating to lease liabilities		53	122
Payments including interest		(1,038)	(1,313)
As at 30 June		-	985
Current		-	985
Non - Current		-	-
		-	985
23.1	The expense relating to lease liabilities has been recognised in statement of profit or loss within finance cost.		
24	Deferred taxation - net		
Deferred tax liability		271,509	281,331
Deferred tax asset		-	(1,608)
		271,509	279,723
24.1	Analysis of deferred tax		
Deferred tax liability on taxable temporary differences			
- Accelerated tax depreciation allowance		265,847	281,331
- Defined benefit obligation		5,662	-
Deferred tax asset on deductible temporary differences			
- Defined benefit obligation		-	(1,322)
- Lease liabilities		-	(286)
		271,509	279,723
24.2	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 assessed unutilized tax losses of Rs. 1.681 million on which no deferred tax asset has been recognised in these financial statements.		
25	Trade and other payables		
Creditors		222,525	1,174,450
Accrued liabilities		571,285	124,542
Advances from customers		25,888	5,849
Retention money		1,095	2,262
Payable to provident fund		279	614
Income tax deducted at source		657	599
Workers' profit participation fund	25.1	17,311	18,086
Workers' welfare fund	25.2	4,732	1,465
Other payables		8,272	17,924
		852,044	1,345,791
25.1	Workers' profit participation fund		
Balance at the beginning of the year		18,086	13,731
Add: Allocation for the year		5,898	9,275
Less: Amount paid		(6,673)	(4,920)
Balance at the end of the year		17,311	18,086

Notes to the Financial Statements

for the year ended 30 June 2020

(Rupees in thousand)	Note	2020	2019
25.2 Workers' welfare fund			
Balance at the beginning of the year		1,465	2,415
Add: Charge for the year		3,268	1,893
Less: Amount paid		—	(2,843)
Balance at the end of the year		4,732	1,465
26 Short-term borrowings			
From banking companies - secured			
Running finances under mark-up arrangements from banks	26.1 & 26.2	1,402,881	1,201,027
Deferred payments of running finances under mark-up arrangements from banks	26.3	851,449	—
From related party - unsecured			
Interest free loan	26.4	583,119	363,958
		2,837,449	1,564,985

26.1 The aggregate finance facilities available from various commercial banks amounted to Rs. 1,681.242 million (2019: Rs. 1,681.242 million). These carry mark-up at the rates ranging from 8.68% to 15.36% (2019: 6.93% to 13.29%) p.a. and are secured against hypothecation charge on current assets of Rs. 2,089.265 million (2019: Rs. 2,089.265 million) and promissory notes of Rs. 1,798.729 million (2019: Rs. 1,798.729 million) respectively. Maximum amount utilised during the year ended 30 June 2020 amounted to Rs. 1,560.901 million (2019: Rs. 1,601.389 million). Mark-up is payable on quarterly basis in arrears.

26.2 The facilities for opening letter of credit from various commercial banks as at 30 June 2020 aggregates to Rs. 2,150 million (2019: Rs. 2,150 million) of which the amount remained unutilised at the year-end was Rs. 1,038.121 million (2019: Rs. 615.409 million).

26.3 This represents deferred markup payments and deferred letter of credit payments outstanding towards various commercial banks and transferred to short-term borrowings. These are deferred in pursuance to COVID - 19 pandemic and are payable within a span of 1 year from reporting date. The terms and conditions in respect of markup and security are same as disclosed in note 26.1

26.4 The Company availed interest free and unsecured loan, to meet working capital requirements of the Company, from Alnu Trust holding 26.17% (2019: 26.17%) of the total share capital of the Company. During the year, Rs. 294.161 million (2019: nil) has been obtained from trust and Rs. 75.00 million (2019: 255.00 million) has been repaid. Maximum amount utilised during the year ended 30 June 2020 amounted to Rs. 583.119 million (2019: Rs. 588.958 million). The loan is repayable on demand by the trust.

(Rupees in thousand)	Note	2020	2019
27 Current portion of long-term borrowings			
Long-term financing	21	47,185	94,369
Lease liabilities		—	985
		47,185	95,354

Notes to the Financial Statements

for the year ended 30 June 2020

28 Contingencies and commitments

28.1 Contingencies:

- 28.1.1 Guarantees issued to different organizations in the normal course of business amounted to Rs. 120.375 million (2019: Rs. 82.459 million).
- 28.1.2 No outstanding guarantees were given on behalf of related parties as at 30 June 2020 and 2019.
- 28.1.3 Certain Ex-Employees of the Company have filed cases with in 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.
- 28.1.4 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.
- 28.1.5 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 Hon'ble 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.
- 28.1.6 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.
- 28.1.7 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.

Notes to the Financial Statements

for the year ended 30 June 2020

28.1.8 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.

28.1.9 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 intervenor applications to join the proceedings. Subsequent to reporting date, the SCP has decided the case in favor of government on August 13, 2020. Accordingly, the Company has made provision of Rs: 155 million in these financial statements. The Company has however filed a writ petition no. 42283 of 2020 in the Lahore High Court against the levy of GIDC and the Honorable Lahore High Court vide its order dated 15 September 2020 has issued stay order as the management is of the view and under proviso to section 8(2) of the GIDC Act, 2015 it is not liable to pay the cess since it has not collected nor passed on the same to its customers.

Further, the Company is considering filing a review petition with the SCP in due course of time. The Company, based on the legal advice of its legal counsel, is confident of a favourable outcome.

28.2 Commitments:

28.2.1 Contracts for capital expenditure commitments outstanding as at 30 June 2020 amounted to Rs. 36.444 million (2019: Rs. 182.235 million).

28.2.2 Commitments against irrevocable letters of credit as at 30 June 2020 amounted to Rs. 1.112 billion (2019: Rs. 1.535 billion)

(Rupees in thousand)	2020	2019
29 Sales		
Gross sales - local	6,954,886	9,126,957
Less:		
- Trade discount	(34,945)	(37,829)
- Sales tax	(1,005,692)	(35,387)
	<u>(1,040,637)</u>	<u>(73,216)</u>
	<u>5,914,249</u>	<u>9,053,741</u>

29.1 All the sales of the Company are polyester related sales and are made to customers located with-in-Pakistan

Notes to the Financial Statements

for the year ended 30 June 2020

(Rupees in thousand)	Note	2020	2019
30 Cost of sales			
Raw and packing materials consumed		3,527,395	7,388,148
Stores and spares consumed		292,849	86,829
Salaries, wages and amenities	30.1	310,248	327,029
Fuel and power	30.2	814,180	873,252
Repair and maintenance		31,123	35,687
Running and maintenance of vehicles		16,128	18,372
Insurance		15,685	16,414
Depreciation on operating fixed assets	6.2	157,518	138,398
Rent, rates and taxes	30.3	2,535	2,136
Other expenses		761	1,018
Manufacturing cost		5,168,422	8,887,283
Add: Opening Work-in-Process		67,261	45,180
Less: Closing Work-in-Process		(41,172)	(67,261)
Cost of goods manufactured		5,194,511	8,865,202
Add: Opening Finished Goods		547,609	245,036
Less: Closing Finished Goods		(221,389)	(547,609)
		5,520,731	8,562,629

30.1 Salaries, wages and amenities include Rs. 25.907 million (2019: Rs. 15.3281 million) in respect of staff retirement benefits and Rs. 0.222 million (2019: Rs 1.072 million) in respect of provident fund contribution.

30.2 This includes provision of Rs: 155.00 million in respect of Gas Infrastructure Development Cess (GIDC).

30.3 This includes expense of Rs:1,270,451 in respect of a lease categorised as 'short-term lease', due to the fact of being lease term less than 12 months without purchase option. Associated lease payments have been charged on a straight-line basis over lease term. The total cash outflow amounts to Rs: 1,401,760 including sales tax.

(Rupees in thousand)	Note	2020	2019
31 Selling and distribution expenses			
Salaries, wages and amenities	31.1	5,849	5,575
Rent, rates and taxes		201	226
Electricity, gas and water charges		270	244
Postage, telephone and fax		81	94
Printing and stationery		128	155
Books and subscription		91	72
Running and maintenance of vehicles		133	138
Repair and maintenance		80	80
Traveling expenses		151	385
Entertainment		100	168
Insurance		41	41
Depreciation on operating fixed assets	6.2	808	780
Depreciation on right-of-use assets	7.2	28	43
Freight and forwarding		9,948	16,362
Sales promotion expenses		-	5
		17,909	24,368

Notes to the Financial Statements

for the year ended 30 June 2020

31.1 Salaries, wages and amenities include Rs. 0.611 million (2019: Rs. 0.522 million) in respect of staff retirement benefits and Rs. 0.026 million (2019: Rs. 0.036 million) in respect of provident fund contribution.

(Rupees in thousand)	Note	2020	2019
32 Administrative and general expenses			
Salaries, wages and amenities	32.1	111,136	105,932
Director's remuneration		5,888	6,248
Rent, rates and taxes		3,822	4,293
Electricity, gas and water charges		5,139	4,638
Postage, telephone and fax		1,542	1,783
Printing and stationery		2,434	2,941
Books and subscription		1,720	1,360
Running and maintenance of vehicles		2,522	2,622
Repair and maintenance		1,523	1,527
Legal and professional charges		5,447	6,206
Traveling expenses		2,873	7,310
Entertainment		1,892	3,186
Auditors' remuneration	32.2	638	674
Insurance		787	800
Administration related advertisement		225	685
Depreciation of operating fixed assets	6.2	15,361	14,820
Depreciation on right-of-use assets	7.2	531	826
Miscellaneous expenses		612	556
		164,092	166,407
32.1 Salaries, wages and amenities include Rs. 11.615 million (2019: Rs. 9.909 million) in respect of staff retirement benefits and Rs. 0.498 million (2019: Rs. 0.684 million) in respect of provident fund contribution.			
32.2 Auditors' remuneration			
Audit fee		525	525
Certification and review		85	85
Taxation services		28	64
		638	674
33 Other expenses			
Charity and donation	33.1	6,198	11,000
Workers' profit participation fund		5,898	9,275
Workers' welfare fund		3,268	1,893
		15,364	22,168

Notes to the Financial Statements

for the year ended 30 June 2020

(Rupees in thousand)	Note	2020	2019
33.1	The details of the donations along with name of donee are as follows		
	Patient behbud society for Agha Khan University Hospital (AKUH)	-	6,000
	Agha Khan Education Services	5,000	5,000
	Learntech.pk (Pvt.) Limited	194	-
	Sponsoring a golf match - proceeds distributed among needy persons	100	-
	Different individuals being affected by COVID - 19	33.3 758	-
	Others	33.4 146	-
		6,198	11,000
32.2	None of the directors and their spouses had any interest in the parties to whom donation is given.		
33.3	This pertains to food items distributed through director finance of the Company to needy persons, during the pandemic period.		
33.4	This relates to purchase of T-Shirts distributed among needy persons.		
34	Other income		
	Income from financial assets		
	Mark-up / Interest income	34.1 4,798	2,547
	Income from non-financial assets		
	Scrap, waste and other sales - net	34.2 35,358	34,964
	Remission of liabilities	449	1,232
	Profit on disposal of operating fixed assets	-	713
	Gain on remeasurement of fair value of investment property	8 105,000	25,000
	Exchange gain	-	23
	Misc. income	10	15
		140,817	61,947
		145,615	64,494
34.1	Mark-up / Interest income		
	Interest income from banks	4,495	2,250
	Mark-up income on staff loan	303	297
		4,798	2,547
34.2	Scrap, waste and other sales - net		
	Gross sales	41,909	38,605
	Less: Sales tax	(6,551)	(3,641)
		35,358	34,964
35	Finance cost		
	Mark-up on long-term financing	21,073	21,381
	Mark-up on short-term borrowings	211,321	146,081
	Mark-up on liabilities against assets subject to finance lease	53	122
	Bank commission and Other expenses	520	778
		232,967	168,362

Notes to the Financial Statements

for the year ended 30 June 2020

(Rupees in thousand)	Note	2020	2019
36 Provision for taxation			
Current			
- for the year	36.1	88,714	95,670
- prior years		453	574
		89,167	96,244
Deferred			
Origination and reversal of temporary differences		(13,876)	23,083
Impact of change in tax rate	36.3	–	–
		(13,876)	23,083
		75,291	119,327

36.1 This represents minimum tax at the rate of 1.50% of the turnover in accordance with section 113 of the Income Tax Ordinance, 2001 (“the Ordinance”).

36.2 Tax charge for the year ended 30 June 2020 and 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.

36.3 Applicable income tax rate is 29% for the financial year 2020 in accordance with Income Tax Ordinance, 2001.

36.4 The income tax assessments of the Company have been finalised up to and including tax year 2019. Tax returns of subsequent tax years are deemed to be assessed under provisions of the Income Tax Ordinance, 2001 (the “Ordinance”) unless selected for an audit by the taxation authorities. The Commissioner Inland Revenue may at any time during a period of five years from the end of Financial year in which the officer issued or treated as issued the original assessment order.

36.5 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
2019	95,670	96,123
2018	60,479	61,053
2017	60,745	44,203

(Rupees in thousand)	Note	2020	2019
37 Earnings per share			
37.1 Earnings per share - basic			
Profit for the year after taxation attributable to ordinary shareholders (Rupees in thousand)		33,510	54,975
Weighted average ordinary shares in issue during the year (No. of shares)	18	34,068,514	34,068,514
Basic earnings per share (Rupees)		0.98	1.61

Notes to the Financial Statements

for the year ended 30 June 2020

37.2 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 2020 and 2019 which would have any effect on the earnings per share if the option to convert is exercised.

(Rupees in thousand)	Note	2020	2019
38 Cash generated from operations			
Profit before taxation		108,801	174,302
Adjustments for non-cash and other items			
Depreciation on operating fixed assets	6.2	173,687	153,998
Depreciation on right-of-use assets	7.2	559	869
Gain on remeasurement of fair value of investment property	8	(105,000)	(25,000)
Provision for staff retirement benefits	22.1	38,133	25,759
Profit on disposal of fixed assets		-	(713)
Exchange gain	34	-	(23)
Remission of liabilities	34	(449)	(1,232)
Profit / Mark-up on bank deposits and staff loan	34.1	(4,798)	(2,547)
Provision for WWF	25.2	3,268	1,893
Provision for WPPF	25.1	5,898	9,275
Finance cost	35	232,967	168,362
		344,265	330,641
		453,066	504,943
Effect on cash flow due to working capital changes			
Increase in current assets			
Stores, spares and loose tools		(391,813)	6,114
Stock-in-trade		(169,677)	(48,500)
Trade debts		72,378	(60,664)
Loans and advances		(144,426)	10,468
Trade deposits and short term prepayments		265	-
Other receivables		81,557	23,267
		(551,716)	(69,315)
(Increase) / Decrease in current liabilities			
Trade and other payables		(495,848)	653,478
Cash generated from operations		(594,497)	1,089,106

39 Financial risk management and change in liabilities arising from financing activities

Disclosure relevant to	Financial statements note reference
i) Financial risk management	39.1 to 39.4
ii) Changes in liabilities arising from financing activities	39.5

39.1 Financial risk factors

The Company's activities exposes 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

Notes to the Financial Statements

for the year ended 30 June 2020

minimise potential adverse effects on the financial performance. The overall risk management of the Company is carried out under policies approved by the Board of Directors. Such policies entail identifying, evaluating and addressing financial risks of the Company.

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) Foreign 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.

5% strengthening of Pak rupee against the foreign currencies at 30 June 2020 would have increased the equity and profit or loss by an amount of Rs: 37.401 million, mainly because of Import of methyl ethyl glycol. The analysis assumes that all other variables, in particular interest rates, remain constant.

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 interest-bearing assets, other than loans to staff. However, the Company's interest rate risk arises from long term and short-term borrowings from commercial banks, including lease liabilities.

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

(Rupees in thousand)	2020	2019
Fixed rate instruments		
Financial assets		
Loan against instalments	866	1,982
Financial liabilities	—	—
Net exposure	866	1,982
Floating rate instruments		
Financial assets		
Bank balances - savings accounts	310,345	7,359
Financial liabilities		
Long-term financing	(141,554)	(188,739)
Lease liabilities	—	(985)
Short-term borrowings	(2,254,330)	(1,201,027)
Net exposure	(2,085,539)	(1,383,392)

Notes to the Financial Statements

for the year ended 30 June 2020

Cash flow sensitivity analysis for variable rate instruments

If interest rates on variable rate financial instruments fluctuates by 100 basis points higher / lower, with all other variables held constant, post tax profit for the year would have been Rs. 2.264 million (2018: Rs. 1.461 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)	2020	2019
Long term security deposits	4,281	4,396
Trade debts	984	73,362
Loans and advances	866	1,982
Bank balances	310,530	32,228
Other receivables	53,074	52,127
	369,735	164,095

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage, if any). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity.

(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:

Notes to the Financial Statements

for the year ended 30 June 2020

	Rating		Rating agency	2020	2019
	Short term	Long term		(Rupees '000)	(Rupees '000)
Habib Bank Limited	A1+	AAA	JCR-VIS	149	589
National Bank of Pakistan	A1+	AAA	PACRA	6	19
Bank Al-Habib Limited	A1+	AA+	PACRA	29	29
Soneri Bank Limited	A1+	AA-	PACRA	310,346	31,591
				<u>310,530</u>	<u>32,228</u>

(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 into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows as the impact of discounting is not significant.

At 30 June 2020

	Carrying amount	Maturity less than 6 months	Maturity between 6 to 12 months	Maturity between 1 to 2 years	Maturity after 2 years
	(Rupees '000)				
Long-term financing	141,554	47,185	47,185	47,184	-
Short-term borrowings	2,837,449	1,828,606	1,008,843	-	-
Trade and other payables	803,456	803,456	-	-	-
Unclaimed dividend	1,755	-	1,755	-	-
Accrued markup	58,634	58,634	-	-	-
Staff retirement benefit	169,000	-	-	-	169,000
	<u>4,011,848</u>	<u>2,737,881</u>	<u>1,057,783</u>	<u>47,184</u>	<u>169,000</u>

At 30 June 2019

	Carrying amount	Maturity less than 6 months	Maturity between 6 to 12 months	Maturity between 1 to 2 years	Maturity after 2 years
	(Rupees '000)				
Long-term financing	188,739	47,185	47,184	94,370	-
Short-term borrowings	1,564,985	1,564,985	-	-	-
Trade and other payables	1,319,792	1,319,792	-	-	-
Unclaimed dividend	1,509	-	1,509	-	-
Accrued markup	47,971	47,971	-	-	-
Staff retirement benefit	165,594	-	-	-	165,594
Lease liabilities	985	542	443	-	-
	<u>3,289,575</u>	<u>2,980,475</u>	<u>49,136</u>	<u>94,370</u>	<u>165,594</u>

Notes to the Financial Statements

for the year ended 30 June 2020

39.2 Fair value of financial instruments

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

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- 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).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

30 June 2020							
Fair value through profit or loss	Carrying Amount			Fair value			
	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total

On-Balance sheet financial instruments

Financial assets measured at fair value

Rupees in thousands

Financial assets not measured at fair value

Long term security deposit

Trade debts

Loans and advances

Other receivables

Bank balances

Financial liabilities not measured at fair value

Long-term financing

Trade and other payables

Short-term borrowings

Unclaimed dividend

Accrued mark-up

Lease liabilities

Staff retirement benefits

	-	-	-	-	-	-	-	-
Long term security deposit	-	4,281	-	4,281	-	-	-	-
Trade debts	-	984	-	984	-	-	-	-
Loans and advances	-	866	-	866	-	-	-	-
Other receivables	-	53,074	-	53,074	-	-	-	-
Bank balances	-	310,530	-	310,530	-	-	-	-
	-	369,735	-	369,735	-	-	-	-
Long-term financing	-	-	141,554	141,554	-	-	-	-
Trade and other payables	-	-	803,456	803,456	-	-	-	-
Short-term borrowings	-	-	2,837,449	2,837,449	-	-	-	-
Unclaimed dividend	-	-	1,755	1,755	-	-	-	-
Accrued mark-up	-	-	58,634	58,634	-	-	-	-
Lease liabilities	-	-	-	-	-	-	-	-
Staff retirement benefits	-	-	169,000	169,000	-	-	-	-
	-	-	4,011,848	4,011,848	-	-	-	-

Notes to the Financial Statements

as at 30 June 2020

30 June 2019							
Fair value through profit or loss	Carrying Amount			Fair value			
	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
On-Balance sheet financial instruments							
Financial assets							
measured at fair value							
-	-	-	-	-	-	-	-
Financial assets not measured at fair value							
Long term security deposit	4,396	-	4,396	-	-	-	-
Trade debts	73,362	-	73,362	-	-	-	-
Loans and advances	1,982	-	1,982	-	-	-	-
Other receivables	52,127	-	52,127	-	-	-	-
Bank balances	32,228	-	32,228	-	-	-	-
-	164,095	-	164,095	-	-	-	-
Financial liabilities not measured at fair value							
Long-term financing	-	188,739	188,739	-	-	-	-
Trade and other payables	-	1,319,792	1,319,792	-	-	-	-
Short-term borrowings	-	1,564,985	1,564,985	-	-	-	-
Unclaimed dividend	-	1,509	1,509	-	-	-	-
Accrued mark-up	-	47,971	47,971	-	-	-	-
Lease liabilities	-	985	985	-	-	-	-
Staff retirement benefits	-	165,594	165,594	-	-	-	-
-	-	3,289,575	3,289,575	-	-	-	-

39.3 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.

39.4 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 net debt divided by total capital. Net debt is calculated as total borrowings (including current and non current) less cash and cash equivalents. Total capital is calculated as equity as shown in the statement of financial position plus net debt.

The gearing ratio of the Company is as follows:

Notes to the Financial Statements

for the year ended 30 June 2020

(Rupees in thousand)	2020	2019
Borrowings	2,931,818	1,659,355
Cash and bank balances	(310,633)	(32,388)
Net debt	2,621,185	1,626,967
Total equity	2,432,602	2,419,298
Total capital	5,053,787	4,046,265
Gearing ratio	0.519	0.402
Gearing ratio as percentage %	51.87%	40.21%

39.5 Change in liabilities arising from financing activities

	01 July 2019	Cash flow	Foreign exchange movement	Changes in fair value	New leases	Transfer to non-current	30 June 2020
Current loans and borrowing excluding current lease liabilities	1,564,985	1,272,464	-	-	-	-	2,837,449
Current lease liabilities	985	(985)	-	-	-	-	-
Non current loans and borrowings excluding non- current lease liabilities	188,739	(47,185)	-	-	-	(47,185)	94,369
Total liabilities from financing activities	1,754,709	1,224,294	-	-	-	(47,185)	2,931,818

40 Remuneration of directors and executives

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

(Rupees in thousand)

	Chief Executive		Directors		Executives	
	2020	2019	2020	2019	2020	2019
Managerial remuneration	-	-	3,911	3,957	29,141	25,792
House rent	-	-	1,174	1,187	8,742	7,760
Utilities	-	-	391	396	2,914	2,587
Medical expenses	-	-	391	396	2,914	2,587
Retirement benefits	-	-	-	-	351	351
Others	-	-	21	89	244	276
	-	-	5,888	6,025	44,306	39,353

Relative number of
person(s) whose
remuneration charged
in these financial statements

	-	-	1	1	16	13
--	---	---	---	---	----	----

Notes to the Financial Statements

for the year ended 30 June 2020

40.1 The Company has one Chief Executive and Seven Directors as at 30 June 2020 (total 8 directors). However, during the year, no remuneration expense has been charged in these financial statements in relation to the remuneration of Chief Executive. The Chief Executive Officer of the Company is provided with Company maintained car for business and personal use.

40.2 No remuneration has been paid to executive and non-executive directors for attending company meetings during the year ended 30 June 2020 and 2019.

41 Transactions with related parties

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

(Rupees in thousand)			2020	2019
41.1 Details of transaction with related parties				
Name	Nature of Relationship	Nature of Transactions		
Rupafil Limited	Associated Company	- Sales of goods - Purchase of goods	207,195 1,106,663	479,792 1,397,148
Rupali Nylon (Pvt.) Limited	Associated Company	- Sales of goods - Purchase of goods	- 79	- 186
Soneri Bank Limited	Associated Company	- Profit on Bank Deposits	4,495	2,250
Spintex Limited	Related party	Expenses incurred on behalf of company - Advance for purchase machinery parts - Advance returned for purchase of parts - Purchase of goods	4,764 170,000 27,000 6,999	- - - 9
Provident Fund Trust	Defined contribution plan	- Contribution to Provident Fund	1,993	1,880
Alnu Trust	Related party	- Loan obtained - Repayment of loan	294,161 75,000	- 225,000

41.2 Particulars of transactions with worker's profit participation fund and staff retirement benefit plans are disclosed in note 25.1 and note 22.2 respectively to these financial statements.

Notes to the Financial Statements

for the year ended 30 June 2020

41.3 Amount outstanding to related parties

Amounts due from related parties and associated companies have been adequately disclosed in note 12.1 and 13.2. However, amounts outstanding to related parties as at reporting date are as follow:

(Rupees in thousand)	2020	2019
Alnu Trust		
- Interest free loan	583,119	363,958
Provident fund trust		
Contribution payable	279	614

41.4 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
f.	Alnu Trust	Common Ownership	26.17

(Metric Tons)	2020	2019
42 Plant capacity and actual production		
Annual capacity (in three shifts)		
- Yarn	10,100	10,100
- Fiber	12,000	12,000
Actual production		
- Yarn	9,108	14,490
- Fiber	17,384	24,005

42.1 The annual capacity disclosed above is name plate capacity. It is a standardized nomenclature over the world that manufacturing plants have a certain nameplate capacity. However, actual producing capacity of a plant is always in excess of the nameplate capacity. Also with better maintenance and overhauling and BMR repairs, the plant performance increases. The Company has, over the years, invested in plant maintenance and has enhanced the producing capacities. Such enhancement do not change the nameplate capacity.

42.2 The reason for shortfall in actual production compared with annual capacity lies with actual demand according to market conditions and shutdown of production plant during the year.

Notes to the Financial Statements

for the year ended 30 June 2020

(Numbers)	2020	2019
43 Number of employees		
Total number of employees as at 30 June	1344	1,468
Average number of employees for the year ended 30 June	1374	1,410
Number of factory employees as at 30 June	1244	1,295
Average number of factory employees for the year ended 30 June ¹²⁵³	1,253	1,232

44 Additional disclosure

The World Health Organization has declared COVID-19 (the virus) a global pandemic. With the growing number of cases in Pakistan, the Government of Pakistan has provided directions to take measures to respond to the virus.

While the virus has impacted the global economy, its impact on Company is disclosed below;

- i) The production during the year, as compared to corresponding financial year, has declined because the manufacturing plant was non-operational during the pandemic period.
- ii) The major customers of the Company are manufacturers, dealers, distributors and wholesales. Therefore, the revenue declined, during the year, due to non availability of active buyers, during pandemic period.
- iii) The Company has obtained long term finance facility from MCB Bank Limited, as disclosed in note 21.1 of these financial statements. Two equal instalments amounting to Rs: 47.185 million each were due in the current financial year. The Company has, however, discharged liability to the extent of one instalment amounting to Rs: 47.185 million and second instalment has been deferred, with mutual consent of bank and the Company.
- iv) The Company has obtained running finance and letter of credit facilities from various commercial banks. These banks have deferred the markup payments and letter of credit payments that were due in the pandemic period. This has resulted in increased short-term borrowings.

45 Representation and reclassification

For the purpose of consistency, certain prior year figures have been represented or re-classified to reflect a more appropriate presentation of events and transactions.

46 Date of authorization for issue

These financial statements were authorized for issue on 23 September 2020 by the Board of Directors of the Company.

47 General

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

Nooruddin Feerasta
Chief Executive Officer

Shehzad Feerasta
Director

Amjad Rahil
Chief Financial Officer

Pattern of Shareholding

as at 30 June 2020

Number of Shareholders	From	Shareholding	To	Total Shares Held
192	1	-	100	5912
115	101	-	500	38992
90	501	-	1000	67936
95	1001	-	5000	240858
22	5001	-	10000	159590
9	10001	-	15000	116201
2	15001	-	20000	37500
8	20001	-	25000	186189
1	30001	-	35000	31000
1	35001	-	40000	40000
1	50001	-	55000	53000
1	55001	-	60000	60000
1	85001	-	90000	88500
1	90001	-	95000	94500
1	95001	-	100000	100000
1	110001	-	115000	115000
1	120001	-	125000	125000
1	145001	-	150000	146482
1	205001	-	210000	209490
1	225001	-	230000	226662
1	230001	-	235000	233161
1	250001	-	255000	254000
1	285001	-	290000	286000
1	485001	-	490000	488010
1	580001	-	585000	584500
1	710001	-	715000	714493
1	815001	-	820000	816483
1	830001	-	835000	834500
1	935001	-	940000	939833
1	3830001	-	3835000	3834290
1	5080001	-	5085000	5081142
1	17855001	-	17860000	17859290
557		Total		34,068,514

Pattern of Shareholding

as at 30 June 2020

Categories of Shareholders	Number	Shares Held	Percentage
Individuals	531	4,424,802	12.99
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. Aymna 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	3.16

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	235,957	0.69
Foreign Investors	0	0	0.00
Co-operative Societies	0	0	0.00
Trusts	3	26,774,722	78.59
Others			
Total:	557	34,068,514	100.00

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 2019-20:

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

www.jamapunji.pk



Be aware, Be alert, Be safe

Learn about investing at
www.jamapunji.pk

Key features:

- 📄 Licensed Entities Verification
- 📊 Scam meter*
- 🎮 Jamapunji games*
- 📄 Tax credit calculator*
- 🔍 Company Verification
- 📄 Insurance & Investment Checklist
- 🗨️ FAQs Answered

- 📈 Stock trading simulator (based on live feed from KSE)
- 📖 Knowledge center
- 📊 Risk profiler*
- 📄 Financial calculator
- 📱 Subscription to Alerts (event notifications, corporate and regulatory actions)
- 📱 Jamapunji application for mobile device
- 📄 Online Quizzes



Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

Facebook icon
Jamapunji.pk

Twitter icon
[@jamapunji_pk](https://twitter.com/jamapunji_pk)

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

Proxy Form 40th Annual General Meeting

I / We _____ of

_____ being member(s) of RUPALI POLYESTER LIMITED

and holder of _____ Ordinary Shares. _____

Register Folio No. _____

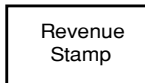
CDC participant I.D. No: _____ Sub-Account No: _____

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 40th Annual General Meeting of the Company to be held on 27 October 2020 or at any adjournment thereof.



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

Dated this ____ day of October 2020

Signature of Shareholder _____

Signature of Proxy _____

1. WITNESS

Signature: _____

Name: _____

Address: _____

CNIC No: _____

or Passport No: _____

2. WITNESS

Signature: _____

Name: _____

Address: _____

CNIC No: _____

or Passport No: _____

IMPORTANT:

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

The Company Secretary

Rupali Polyester Limited

Rupali House,

241-242 Upper Mall Scheme, Anand Road,

Lahore - 54000

AFFIX
CORRECT
POSTAGE

درست رقم کی
نکٹ چسپاں کریں

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

rupaligroup.com

RUPALI POLYESTER LIMITED

Registered Office

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