



Half Yearly Report  
31 December 2022



RUPALI POLYESTER LIMITED



# Corporate Data

## Board of Directors

**Chairman**  
Shehzad Feerasta

**Chief Executive Officer**  
Nooruddin Feerasta

## Directors

Muhammad Rashid Zahir - Non-Executive  
Zeeshan Feerasta - Non-Executive  
Shahid Hameed - Independent Non-Executive

Amyna Feerasta - Non-Executive  
Yaseen M. Sayani - Independent Non-Executive  
Abdul Hayee - Non-Executive

## Audit Committee

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

## Human Resource & Remuneration Committee

Shahid Hameed – Chairman  
Nooruddin Feerasta - Member  
Zeeshan Feerasta - Member

## Chief Financial Officer

Muhammad Ahsan Iqbal

## Company Secretary

S. Ghulam Shabbir Gilani

## Bankers

Askari Bank Limited  
Faysal Bank Limited  
Habib Metropolitan Bank Limited  
Meezan Bank Limited  
The Bank of Punjab

Bank Alfalah Limited  
Habib Bank Limited  
MCB Bank Limited  
Soneri Bank Limited

## Auditors

RSM Avais Hyder Liaquat Nauman  
Chartered Accountants

## Registered Office

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

## Plant

30.2 Kilometer Lahore - Sheikhpura Road  
Sheikhpura - 39350 PAKISTAN

# Directors' Review

We are pleased to present the Company's un-audited financial statements for the second quarter and the half-year period ended 31 December 2022, duly reviewed by the external auditors.

## Overview

The Company faced multiple challenges in the first half of the financial year 2022-23 due to political and economic turmoil in the country.

Unprecedented devaluation of Pakistan Rupee, strict restrictions imposed by SBP for opening foreign LCs to import necessary raw materials because of foreign exchange shortage, exceptional increase in raw material prices, conversion and financial costs along with energy supply crisis reversed the Company's growth momentum and profits. Markup rates crossed 16% threshold and additional tax in the name of 'super tax' imposed on the Company, putting pressure on its cash flows. The increase in product sale price was much lower than cost expansion due to contraction in downstream consumers' demand. The downstream industry was also adversely affected by the severe flooding as it resulted in overall slowdown of product lifting. The Company earned losses at both operational and overall level during the period under review.

Economic activity across the country has significantly slowed down because of foreign exchange liquidity crunch and resulting tightened monetary and fiscal measures taken by the Government.

## Polyester Market Conditions

Country's economic condition impacted the industry across the board and the demand from our downstream consumers remained sluggish during the first half of the financial year 2022-23.

## Energy Tariffs

In present times, to revive the IMF programme for Pakistan in the wake of the nation's economic turmoil, the Government is expected to authorize the removal of 'Regionally Competitive Energy Tariff (RCET)' of electricity at a rate of Rs. 19.90 per unit and a gas pricing of 9 cents per MMBTU for five export-oriented sectors (EOS) beginning on 1 March 2023. This plan, if adopted, will only exacerbate the country's foreign currency liquidity crisis by decreasing the competitiveness of exports in the international market.

## Regulatory Duty on Polyester Filament Yarn

After continuing efforts of the domestic PFY industry, Government has re-imposed the regulatory duty on the import of PFY @ 5% on 21st December 2022.

## Financial Results

Sales revenue for the first half of FY 2022-23 ended 31 December 2022 decreased because of reduced sale volumes of both PSF and DTY. Company earned gross losses during the period under review, mainly attributed to high material and power costs. Finance costs are also increased due to maximum utilization of financing facilities and high mark-up rates thereon, increased by 8% on average. In nutshell, Company earned loss after tax amounting to Rs. 412 million as compared to profit after tax of Rs. 732 million in same period of last year.

### Earnings per share

Earnings per share of the Company converted to loss of Rs. 12.09 per share for the half year ended 31 December 2022 from profit of Rs. 21.49 per share earned for the half year ended 31 December 2021.

### Future Outlook

Government's efforts to manage the foreign exchange liquidity crunch are expected to be successful and revive the economic activities in the country. The demand of PSF and PFY is expected to grow in the coming years and there is still a huge gap in domestic demand vs domestic supply. With the promised protection of the government to grow local production, we are increasing our production capacities through addition of new machines of latest technology. For expansion and capital investment, there is a need to formulate stable, long-term economic policies by the Government for protection of this industry. PFY & PSF industry should be developed as a major driver of import substitution to save country's huge foreign exchange spent on import these products through dumping.

### Auditors' Review Report

M/s. RSM Avais Hyder Liaquat Nauman, Chartered Accountants, the Company's external auditors, have issued an unqualified Review Report to the Board members of the Company on condensed interim financial statements for the half year ended 31 December 2022.

### Board of Directors

During the period, there is no change in the composition of the Board of Directors of the Company.

### A Note of Gratitude

The Directors express their appreciation for the cooperation extended by the Ministries of Finance, Industries and Production, Commerce, Communication and Information Technology and Textile Industry. We would also like to convey our gratitude to the Federal Board of Revenue, Departments of Customs and Central Excise and the 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 in the Company. We value their trust and appreciate the continued hard work by the management and staff of the Company.

On behalf of the Board



Nooruddin Feerasta  
Chief Executive Officer



Zeeshan Feerasta  
Director

Lahore  
23 February 2023

### محاسب اور اُن کی جائزہ رپورٹ

میسرز آر ایس ایم اویس حیدر لیاقت نعمان، چارٹرڈ اکاؤنٹنٹس، کمپنی کے محاسب نے ۳۱ دسمبر ۲۰۲۲ کو ختم ہونے والے ششماہی کے لیے عبوری مالیاتی گوشواروں پر کمپنی کے بورڈ ممبران کو ایک صاف جائزہ رپورٹ جاری کی ہے۔

### بورڈ آف ڈائریکٹرز

زیر جائزہ مدت کے دوران، کمپنی کے بورڈ آف ڈائریکٹرز کی ساخت میں کوئی تبدیلی نہیں ہوئی ہے۔

### اظہار تشکر

ڈائریکٹرز خزانہ، صنعت اور پیداوار، تجارت، مواصلات اور انفارمیشن ٹیکنالوجی اور ٹیکسٹائل انڈسٹری کی وزارتوں کے تعاون کے لیے اپنی تعریف کا اظہار کرتے ہیں۔ ہم فیڈرل بورڈ آف ریونیو، کسٹمز اور سنٹرل ایکسائز کے محکموں اور حکومت پنجاب کے تعاون پر ان کا بھی شکریہ ادا کرنا چاہیں گے۔ ہم ترقیاتی مالیاتی اداروں اور کمرشل بینکوں کی طرف سے کمپنی پر دی گئی سرپرستی اور اعتماد کی تعریف کرتے ہیں۔ ہم اپنے قابل قدر صارفین کے شکرگزار ہیں اور ان کے ساتھ بڑھتے ہوئے کاروباری تعلقات کی توقع کرتے ہیں۔ ہم اپنے اسٹیک ہولڈرز کے کمپنی پر اعتماد کے لیے شکرگزار ہیں۔ ہم ان کے اعتماد کی قدر کرتے ہیں اور کمپنی کی انتظامیہ اور عملے کی مسلسل محنت کی تعریف کرتے ہیں۔

مخائب بورڈ آف ڈائریکٹرز:



ذیشان فیراستہ  
ڈائریکٹر



نور الدین فیراستہ  
چیف ایگزیکٹو آفیسر

لاہور:

۲۳ فروری ۲۰۲۳

## ڈائریکٹران کا جائزہ

ہمیں ۳۱ دسمبر ۲۰۲۲ کو ختم ہونے والی دوسری سہ ماہی اور ششماہی مدت کے لیے کمپنی کے غیر پڑتال شدہ محاسب کے باقاعدہ جائزہ شدہ مالیاتی گوشواروں کو پیش کرتے ہوئے خوشی ہو رہی ہے۔

### مجموعی جائزہ

کمپنی کو مالی سال ۲۳-۲۰۲۲ کی پہلی ششماہی میں ملک میں سیاسی اور اقتصادی بحران کی وجہ سے متعدد چیلنجوں کا سامنا کرنا پڑا۔

پاکستانی روپے کی قدر میں خلاف معمول کمی، غیر ملکی زرمبادلہ کی قلت کے باعث خام مال کی درآمد کے لئے لیفز آف کریڈٹ کھولنے پر اسٹیٹ بینک کی جانب سے سخت پابندی، خام مال کی قیمتوں میں غیر معمولی اضافے پیداوار اور مالیاتی اخراجات کے ساتھ ساتھ توانائی کی فراہمی کے بحران کی وجہ سے کمپنی کی نمو کی رفتار اور منافع کو متاثر کیا۔ مارک اپ کی شرحیں ۱۶ فیصد حد سے تجاوز کر گئیں اور کمپنی پر 'سپر ٹیکس' کے نام پر اضافی ٹیکس عائد کیا گیا، جس سے اس کے کیش فلو پر دباؤ پیدا ہوا۔ مصنوعات میں اضافہ لاگت کے مقابلے میں بہت کم تھا جس کی وجہ ڈاؤن اسٹریٹ صارفین کی مانگ میں کمی تھی۔ شدید سیلاب سے ڈاؤن اسٹریٹ اینڈسٹری بھی بری طرح متاثر ہوئی کیونکہ اس کے نتیجے میں مال کی ترسیل میں مجموعی طور پر سست روی آئی۔ کمپنی نے زیر جائزہ مدت کے دوران آپریشن اور مجموعی دونوں سطحوں پر نقصانات اٹھائے۔

غیر ملکی زرمبادلہ کی لیکویڈیٹی کی اور اس کے نتیجے میں حکومت کی جانب سے سخت مالیاتی اقدامات اور فراڈز کے دباؤ کی وجہ سے ملک بھر میں اقتصادی سرگرمیاں نمایاں طور پر سست پڑ گئی ہیں۔

### پولیسٹر مارکیٹ کے حالات

مالی سال ۲۳-۲۰۲۲ کی پہلی ششماہی کے دوران ملک کی معاشی حالت نے پوری صنعت کو متاثر کیا اور ہمارے صارفین کی طرف سے مانگ میں سست روی رہی۔

### توانائی کے نرخ

آئی ایم ایف پروگرام کی بحالی کی خاطر یکم مارچ ۲۰۲۳ سے ۱۹.۹۰ فی یونٹ اور گیس کی قیمت ۹ سینٹ فی MMBTU کے لئے حکومت کی جانب سے علاقائی مسابقتی نرخوں (RCET) کو ختم کرنے کی توقع ہے۔ تاکہ ملک کی معاشی بحالی کے بعد پاکستان کے لیے IMF پروگرام کو بحال کیا جاسکے۔ اگر اس تجویز کو اپنایا جاتا ہے، تو یہ ملک کے غیر ملکی زرمبادلہ کی لیکویڈیٹی بحران کو مزید خراب کرے گا کیونکہ اس سے برآمدات عالمی منڈی میں مسابقتی لحاظ سے اور بھی کم ہو جائیں گی۔

### پولیسٹر فلارمنٹ یارن پر ریگولیٹری ڈیوٹی

گھریلو PFY صنعت کی مسلسل کوششوں کے بعد، حکومت نے PFY کی درآمد پر ۲۱ دسمبر ۲۰۲۲ کو ۵٪ ریگولیٹری ڈیوٹی دوبارہ عائد کر دی ہے۔

### مالیاتی نتائج

۳۱ دسمبر ۲۰۲۲ کو ختم ہونے والے مالی سال ۲۳-۲۰۲۲ کی پہلی ششماہی میں PSF اور DTY دونوں کی فروخت کے حجم میں کمی کی وجہ سے بیلز یونیٹوں میں کمی واقع ہوئی۔ کمپنی نے زیر جائزہ مدت کے دوران مجموعی نقصانات اٹھائے جس کی بنیادی وجہ خام مال اور توانائی کی قیمتوں میں اضافہ ہے۔ مالیاتی سہولیات کے زیادہ سے زیادہ استعمال اور اس پر مارک اپ کی بلند شرحوں کی وجہ سے مالیاتی لاگت میں اضافہ ہوا جس میں اوسطاً ۸٪ اضافہ ہوا۔ مختصر آئٹم کمپنی نے سال گزشتہ کی اس مدت میں ۳۲.۰۰ ملین روپے بعد از ٹیکس منافع کے مقابلے میں اس مدت میں ۳۲.۰۰ ملین روپے کا خسارہ اٹھایا

### فی حصہ آمدنی

۳۱ دسمبر ۲۰۲۲ کو ختم ہونے والے ششماہی کے لیے فی حصہ خسارہ ۱۲.۰۹ روپے رہا جبکہ ۳۱ دسمبر ۲۰۲۱ کی اسی ششماہی میں فی حصہ آمدنی ۲۱.۴۹ روپے تھی۔

### مستقبل کا جائزہ

غیر ملکی زرمبادلہ کی لیکویڈیٹی کے بحران کو منہانے کے لیے حکومت کی کوششوں کے کامیاب ہونے اور ملک میں معاشی سرگرمیاں بحال ہونے کی امید ہے۔ آنے والے سالوں میں PSF اور PFY کی مانگ میں اضافہ متوقع ہے اور گھریلو طلب بمقابلہ گھریلو رسد میں اب بھی بڑا فرق ہے۔ مقامی پیداوار بڑھانے کے لیے حکومت کے وعدہ کردہ تحفظ کے ساتھ، ہم جدید ٹیکنالوجی کی نئی مشینوں کے اضافے کے ذریعے اپنی پیداوار اور صلاحیتوں میں اضافہ کر رہے ہیں۔ توسیع اور سرمایہ کاری کے لیے حکومت کی طرف سے اس صنعت کے تحفظ کے لیے حکم، طویل مدتی اقتصادی پالیسیاں بنانے کی ضرورت ہے۔ PSF اور PFY اینڈسٹری کو درآمدی متبادل کے طور پر تیار کیا جانا چاہیے تاکہ ڈسٹنگ کے ذریعے ان مصنوعات کی درآمد پر خرچ ہونے والے ملک کے بھاری زرمبادلہ کو بچایا جاسکے۔



RSM Avais Hyder Liaquat Nauman  
Chartered Accountants

Avais Chambers, 1/ C-5  
Sikander Malhi Road, Canal Park  
Gulberg II, Lahore, Pakistan

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**INDEPENDENT AUDITORS' REVIEW REPORT  
TO THE MEMBERS OF RUPALI POLYESTER LIMITED  
REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS**

**Introduction**

We have reviewed the accompanying condensed interim statement of financial position of Rupali Polyester Limited (the Company) as at December 31, 2022 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statements of cash flows and selected explanatory notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

**Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three-month period ended December 31, 2022 and 2021 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended December 31, 2022.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements were not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditors' review report is Inam ul Haque.

  
RSM AVAIS HYDER LIAQUAT NAUMAN  
CHARTERED ACCOUNTANTS

Place: Lahore

Date: 23 FEB 2023

UDIN: RR202210226Zdu7pJ5sg



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Kabul : 93 (799) 058 155



## Condensed Interim Statement of Financial Position (Un-audited) as at 31 December 2022

(Rupees in'000)	Note	Un-audited 31 December 2022	Audited 30 June 2022
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	7,092,394	6,910,027
Investment properties		602,000	602,000
Long term security deposits		4,281	4,281
Deferred tax asset	5	376,775	252,413
		8,075,450	7,768,721
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		1,052,834	1,222,161
Stock in trade		2,117,983	1,908,503
Trade receivables - unsecured & considered good		5,291	6,184
Advances, deposits and other receivables		504,841	483,967
Tax refunds due from government		149,833	39,853
Cash and bank balances		13,400	94,680
		3,844,182	3,755,348
<b>TOTAL ASSETS</b>		<b>11,919,632</b>	<b>11,524,069</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital			
35,000,000 ordinary shares of Rs. 10 each		350,000	350,000
Issued, subscribed and paid-up capital		340,685	340,685
<b>Capital reserves</b>			
Share premium		71,490	71,490
Surplus on revaluation of land		5,697,866	5,697,866
<b>Revenue reserves</b>			
General reserve		1,664,125	1,664,125
(Accumulated loss)/Unappropriated profit		(558,883)	23,414
		7,215,283	7,797,580
<b>NON-CURRENT LIABILITIES</b>			
Staff retirement gratuity		241,547	218,656
<b>CURRENT LIABILITIES</b>			
Trade and other payables	6	1,083,425	2,642,501
Short term borrowing	7	3,178,508	857,363
Accrued markup on borrowings		96,090	4,753
Provision for taxation-Income tax		99,874	-
Unclaimed dividend		4,905	3,216
		4,462,802	3,507,833
<b>CONTINGENCIES AND COMMITMENTS</b>			
<b>TOTAL EQUITY AND LIABILITIES</b>	12	<b>11,919,632</b>	<b>11,524,069</b>

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



Nooruddin Feerasta  
Chief Executive Officer



Zeeshan Feerasta  
Director



Muhammad Ahsan Iqbal  
Chief Financial Officer

## Condensed Interim Statement of Profit or Loss (Un-audited) for the half year ended 31 December 2022

(Rupees in '000)	Note	Quarter Ended 31 December		Half year Ended 31 December	
		2022	2021	2022	2021
Sales - net		2,467,207	3,010,482	4,887,465	5,259,200
Cost of sales	9	2,811,061	2,589,575	5,140,017	4,567,864
Gross (loss) / profit		(343,854)	420,907	(252,552)	691,336
Other income		19,303	14,627	35,435	28,344
		(324,551)	435,534	(217,117)	719,680
Distribution costs		7,786	8,132	14,434	13,316
Administrative expenses		60,798	50,911	111,783	92,148
Finance costs		95,757	18,631	136,194	44,003
Other operating expenses		(1,502)	32,468	15	52,589
		162,839	110,142	262,426	202,056
(Loss)/profit for the period before taxation		(487,390)	325,392	(479,543)	517,624
Provision for taxation	10	(97,842)	(247,060)	(67,589)	(214,381)
(Loss)/profit for the period		(389,548)	572,452	(411,954)	732,005

Amount in Rupees	Quarter Ended 31 December		Half year Ended 31 December	
	2022	2021	2022	2021
Earnings per share - basic and diluted	(11.43)	16.80	(12.09)	21.49

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



Nooruddin Feerasta  
Chief Executive Officer



Zeeshan Feerasta  
Director



Muhammad Ahsan Iqbal  
Chief Financial Officer

## Condensed Interim Statement of Comprehensive Income (Un-audited) for the half year ended 31 December 2022

(Rupees in'000)	Half year ended 31 December	
	2022	2021
(Loss)/Profit for the period	(411,954)	732,005
Other comprehensive income	-	-
Items that will not be subsequently reclassified to profit or loss		
Reversal of deferred tax related to staff retirement gratuity	-	33,218
Total comprehensive (Loss)/income for the period	(411,954)	765,223

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



Nooruddin Feerasta  
Chief Executive Officer



Zeeshan Feerasta  
Director



Muhammad Ahsan Iqbal  
Chief Financial Officer

## Condensed Interim Statement of Cash Flow (Un-audited) for the half year ended 31 December 2022

(Rupees in '000)	Half year ended 31 December	
	2022	2021
<b>Cash flows from operating activities</b>		
(Loss)/profit for the period before taxation	(479,543)	517,624
<b>Adjustments for:</b>		
Depreciation on property, plant and equipment	71,357	74,079
Provision for staff retirement benefits	26,871	14,228
Loss on disposal of property, plant and equipment	16	-
Interest income	(5,150)	(2,312)
Finance cost	136,194	38,701
	229,288	124,696
<b>Cash flow before working capital changes</b>	(250,255)	642,320
Working capital changes		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	169,327	72,767
Stock-in-trade	(209,480)	118,300
Trade receivables	893	(2,688)
Advances, deposits and other receivables	(20,874)	(119,018)
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	(1,559,076)	360,001
	(1,619,210)	429,362
<b>Cash flow from operations</b>	(1,869,465)	1,071,682
Finance costs paid	(44,857)	(47,308)
Income tax paid	(66,878)	(111,018)
Staff retirement benefits paid	(3,980)	(7,421)
<b>Net Cash flow from operating activities</b>	(1,985,180)	905,935

## Condensed Interim Statement of Cash Flow (Un-audited) for the half year ended 31 December 2022

(Rupees in'000)	Half year ended 31 December	
	2022	2021
<b>Cash flow from investing activities</b>		
Additions in property, plant and equipment	(253,741)	(82,666)
Interest income received	5,150	2,312
<b>Net Cash flow from investing activities</b>	<b>(248,591)</b>	<b>(80,354)</b>
<b>Cash flows from financing activities</b>		
Short-term borrowings paid - net	2,321,145	(613,138)
Repayment of long-term borrowings	-	(47,184)
Dividend paid	(168,654)	(168,854)
<b>Net cash flow from financing activities</b>	<b>2,152,491</b>	<b>(829,176)</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(81,280)</b>	<b>(3,595)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>94,680</b>	<b>29,739</b>
<b>Cash and cash equivalents at end of the period</b>	<b>13,400</b>	<b>26,144</b>

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



Nooruddin Feerasta  
Chief Executive Officer



Zeeshan Feerasta  
Director



Muhammad Ahsan Iqbal  
Chief Financial Officer

## Condensed Interim Statement of Changes in Equity (Un-audited) for the half year ended 31 December 2022

(Rupees in '000)

	Capital reserves				Revenue reserves			Total
	Issued, subscribed and paid-up capital	Share Premium	Surplus on revaluation of land	Sub-total	General reserve	(Accumulated Loss)/ Unappropriated profit	Sub-total	
Balance as at July 01, 2021- Audited	340,685	71,490	1,719,056	1,790,546	1,664,125	(909,485)	754,640	2,885,871
Final dividend for the year ended June 30, 2021	-	-	-	-	-	(170,343)	(170,343)	(170,343)
Total comprehensive income								
Profit for the period	-	-	-	-	-	732,005	732,005	732,005
Other comprehensive income for the period	-	-	-	-	-	33,218	33,218	33,218
	-	-	-	-	-	765,223	765,223	765,223
Balance as at December 31, 2021- Unaudited	340,685	71,490	1,719,056	1,790,546	1,664,125	(314,605)	1,349,520	3,480,751
Balance as at July 01, 2022- Audited	340,685	71,490	5,697,866	5,769,356	1,664,125	23,414	1,687,539	7,797,580
Final dividend for the year ended June 30, 2022	-	-	-	-	-	(170,343)	(170,343)	(170,343)
Total comprehensive income								
Loss for the period	-	-	-	-	-	(411,954)	(411,954)	(411,954)
Other comprehensive income for the period	-	-	-	-	-	-	-	-
	-	-	-	-	-	(411,954)	(411,954)	(411,954)
Balance as at December 31, 2022- Unaudited	340,685	71,490	5,697,866	5,769,356	1,664,125	(558,883)	1,105,242	7,215,283

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



Nooruddin Feerasta  
Chief Executive Officer



Zeeshan Feerasta  
Director



Muhammad Ahsan Iqbal  
Chief Financial Officer

## Selected Explanatory Notes to the Condensed Interim Financial Statements (Un-audited) for the half year ended 31 December 2022

### 1 Legal status and nature of business

Rupali Polyester Limited (the Company) was incorporated in Pakistan on 24 May 1980 as a Public Limited Company under the repealed Companies Ordinance, 1984 now Companies Act, 2017 and is listed on Pakistan Stock Exchange. The Company is principally engaged in manufacture and sale of polyester products. The registered office is located at 241-242 Upper Mall Scheme, Anand Road, Lahore, in the province of Punjab and regional office is situated at 1st Floor, Gul Tower, I.I Chundrigar Road, Karachi, in the province of Sindh. The manufacturing facility is situated at 30.2 KM Lahore - Sheikhpura Road, Sheikhpura, in the province of Punjab.

### 2 Significant Accounting Policies

#### 2.1 Statement of compliance

These condensed interim financial statements are un-audited and have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- (i) International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by International Accounting Standard Board (IASB) as notified under the Companies Act, 2017;
- (ii) Provisions of or directives issued under the Companies Act, 2017.

In case where the provisions of or directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of or directives issued under the Companies Act, 2017 have been followed.

2.2 These condensed interim financial statements have been subjected to limited scope review by the auditors, as required under section 237 of Companies Act, 2017 and should be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2022.

### 3 Summary of Significant Accounting Policies

3.1 The significant accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the annual audited financial statements of the Company for the year ended June 30, 2022.

3.2 There are certain amendments to standards that became effective during the period and are mandatory for accounting periods of the Company beginning on or after July 01, 2022 but are considered not to be relevant to the Company's operations and are, therefore, not disclosed in these condensed interim financial statements.

There are certain new standards, amendments to standards and interpretations that are effective from different future periods but are considered not to be relevant to the Company's operations, therefore, not disclosed in these condensed interim financial statements.

3.3 These condensed interim financial statements are presented in Pakistani Rupees which is the Company's functional and presentation currency.

#### 3.4 Significant accounting estimates and judgments

The preparation of these condensed interim financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including the expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

During the preparation of these condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that were applied in the preparation of the annual audited financial statements of the Company for the year ended June 30, 2022.

#### 3.5 Financial risk management

Risk management policies and procedures are consistent with those disclosed in the annual audited financial statements of the Company for the year ended June 30, 2022.

(Rupees in'000)	Note	Un-audited 31 December 2022	Audited 30 June 2022
<b>4 Property, plant and equipment</b>			
Operating fixed assets - at net book value	4.1	6,828,931	6,892,033
Capital work-in-progress - at cost	4.2	247,485	-
Stores held for capital expenditure - at cost		15,978	17,994
		<u>7,092,394</u>	<u>6,910,027</u>
<b>4.1 Operating fixed assets</b>			
Opening net book value (NBV)		6,892,033	2,942,229
Additions during the period / year	4.1.1	8,280	124,125
Surplus on revaluation during the period / year		-	3,978,810
		<u>6,900,313</u>	<u>7,045,164</u>
Disposals during the period / year	4.1.1	(25)	-
Depreciation charge during the period / year		(71,357)	(153,131)
		<u>(71,382)</u>	<u>(153,131)</u>
		<u>6,828,931</u>	<u>6,892,033</u>



(Rupees in'000)	Note	Un-audited 31 December 2022	Un-audited 31 December 2021
<b>4.1.1 Additions and disposals of operating fixed assets during the period were as follows:</b>			
<b>Additions - at cost</b>			
Building - Factory on freehold land		-	4,533
Building - Office on freehold land		-	3,426
Plant and machinery		7,111	110,339
Furniture and fittings		41	119
Vehicles		-	617
Office equipment		748	2,677
Other assets		380	-
		8,280	121,711
<b>Disposals - at NBV</b>			
Office equipment		16	-
Other assets		8	-
		25	-
<b>4.2 Capital work-in-progress</b>			
Building and civil works		370	-
Plant and machinery		245,976	-
Furniture and fixture		208	-
Office equipment		910	-
Other assets		21	-
		247,485	-
<b>5 Deferred tax asset</b>			
Opening balance		252,413	934
(Provision)/ reversal through:			
Profit or loss		124,362	247,686
Other comprehensive income		-	3,793
		376,775	252,413
<b>5.1 It comprises of the following:</b>			
Taxable temporary differences in respect of;			
Difference in accounting and tax bases of property, plant and equipment		(235,590)	(242,793)
Deductible temporary differences in respect of;			
Provision for gratuity		70,049	63,410
Tax losses carried forward		174,293	54,206
Minimum tax credit u/s 113		368,023	377,590
		376,775	252,413

(Rupees in'000)	Note	Un-audited 31 December 2022	Audited 30 June 2022
<b>6 Trade and other payables</b>			
Creditors		693,995	2,265,939
Accrued liabilities		198,522	156,496
Worker's profit participation fund		77,607	77,607
Worker's welfare fund		4,419	21,734
Advance from customers		16,982	39,845
Gas Infrastructure Development Cess (GIDC) payable	6.1	61,338	61,338
Sales tax payable		19,042	9,337
Withholding tax payables		780	576
Retention money		987	838
Provident fund payable		810	642
Others		8,943	8,149
		<u>1,083,425</u>	<u>2,642,501</u>
<b>6.1</b>			
This represents present value of GIDC payable to SNGPL. The amount was payable in 24 equal monthly installments. The payment is suspended at the moment pursuant to stay order granted by the Honorable Sindh High Court.			
<b>7 Short term borrowings</b>			
Secured- from banking companies			
Running finances utilized under mark-up arrangements	7.1	2,678,389	471,244
From associates - unsecured	7.2	500,119	386,119
		<u>3,178,508</u>	<u>857,363</u>

7.1 The aggregate finance facilities available from various commercial banks amounted to Rs. 2,631.24 million (June: 2022: Rs. 2,815.24 million). These carry mark-up at the rates ranging from 14.56% to 17.11% per annum (Dec: 2021: 7.65% to 8.59% per annum) and are secured against hypothecation charge on current assets and promissory notes, respectively. Markup is payable on quarterly basis in arrears.

7.2 The loan was obtained to meet working capital requirements and has been utilized accordingly. The loan is unsecured, interest free and repayable on demand.

## 8 Contingencies and commitments

### Contingencies

There has been no material change in the status of contingencies as disclosed in annual audited financial statements of the company for the year ended June 30, 2022.

(Rupees in'000)	Note	Un-audited 31 December 2022	Audited 30 June 2022
<b>Commitments</b>			
Under letters of credit for import of stores and raw material		3,187,480	2,864,944
Under contracts for capital expenditure		156,862	214,491

(Rupees in'000)	Quarter Ended 31 December		Half Year Ended 31 December	
	2022	2021	2022	2021
<b>9 Cost of goods sold</b>				
Raw and packing materials consumed	1,548,859	1,889,075	3,966,672	3,356,946
Stores and spares consumed	32,271	52,343	55,318	73,728
Salaries, wages and amenities	138,473	108,569	254,415	208,822
Fuel and power	426,479	373,922	1,095,418	610,795
Repairs and maintenance	17,614	51,575	32,495	58,944
Running and maintenance of vehicles	8,567	6,567	19,118	12,407
Insurance	5,499	4,324	9,720	9,269
Depreciation	31,795	33,173	63,508	65,442
Rent, rate and taxes	643	625	1,269	1,219
Other expenses	3,459	482	3,894	797
	<u>2,213,659</u>	<u>2,520,655</u>	<u>5,501,827</u>	<u>4,398,369</u>
Add: Opening work in process	82,281	64,121	70,373	43,221
Less: Closing work in process	(57,402)	(61,630)	(57,402)	(61,630)
	<u>2,238,538</u>	<u>2,523,146</u>	<u>5,514,798</u>	<u>4,379,960</u>
Add: Opening finished goods	2,011,665	802,370	1,064,361	923,845
Less: Closing finished goods	(1,439,142)	(735,941)	(1,439,142)	(735,941)
	<u>2,811,061</u>	<u>2,589,575</u>	<u>5,140,017</u>	<u>4,567,864</u>
<b>10 Provision for Taxation</b>				
Current tax				
For the period	31,184	54,704	61,437	87,383
For prior period	(4,664)	613	(4,664)	613
Deferred tax	(124,362)	(302,377)	(124,362)	(302,377)
	<u>(97,842)</u>	<u>(247,060)</u>	<u>(67,589)</u>	<u>(214,381)</u>

## 11 Transactions with related parties

The related parties comprise of major shareholder, associated undertakings, provident fund and key management personnel. Significant transactions with related parties are as follows:

(Rupees in'000)		Quarter Ended 31 December		Half Year Ended 31 December	
		2022	2021	2022	2021
<b>Name of related party and basis of relationship</b>	<b>Nature of Transactions</b>				
Rupafil Limited - Associated Company by virtue of common directorship	-Purchase -Sales -Payments -Receipts	197,057 7,816 276,509 87,254	300,234 13,416 299,696 13,416	631,265 92,626 631,256 92,626	772,019 29,269 750,917 29,265
Soneri Bank Limited - Associated Company by virtue of common directorship	- Profit on bank deposits	2,565	1,561	5,118	2,288
Rupali Nylon (Private) Limited - Associated Company by virtue of common directorship	- Purchase and payments	971	1,251	2,994	2,210
Spintex Limited - (MD is sibling of CEO of the Company)	-Purchase -Sales -Payments -Receipts	- - - -	13 - 462 -	- - - -	13 14 462 16
ALNU TRUST	- Loan received	114,000	-	114,000	-
Provident fund	- Contribution made	1,273	449	2,533	911

## 12 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue on 23 February 2023 by the Board of Directors of the Company.

## 13 GENERAL

13.1 There is no unusual item included in these condensed interim financial statements which is affecting assets, liabilities, loss, comprehensive loss, equity or cash flows of the Company.

13.2 The provision for taxation made in these condensed interim financial statements is subject to adjustment in annual financial statements.

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



Nooruddin Feerasta  
Chief Executive Officer



Zeeshan Feerasta  
Director



Muhammad Ahsan Iqbal  
Chief Financial Officer





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

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