ANNUAL REPORT 2018

Rupali

RUPALI POLYESTER LIMITED

Contents

Corporate Data

Board of Directors

Chairman / Chief Executive Officer

Nooruddin Feerasta

Directors

Muhammad Rashid Zahir - Non-Executive
Sultan Ali Rajwany - Non-Executive
Zeeshan Feerasta - Non-Executive
Muhammad Ali Sayani - Non-Executive
Shehzad Feerasta - Non-Executive
Abdul Hayee - Executive

Audit Committee

Sultan Ali Rajwany - Chairman
Muhammad Rashid Zahir - Member
Zeeshan Feerasta - Member

Human Resource & Remuneration Committee

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

Chief Financial Officer

Amjad Rahil

Company Secretary

S. Ghulam Shabbir Gilani

Bankers

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

Auditors

Qavi & Co.
Chartered Accountants

Registered Office

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

Plant

30.2 Kilometer Lahore - Sheikhupura Road
Sheikhupura - 39350 PAKISTAN

Our Vision

To consistently maintain the Company's leading status of producing high quality products being first preference of our customers. Also to maintain the standards of performance excellence with long term plans of expansion and diversification.

Our Mission

To develop the Company on sound technical and financial footings with better productivity, excellence in quality and operational efficiencies at lower operating costs by utilizing blend of high professionalism.

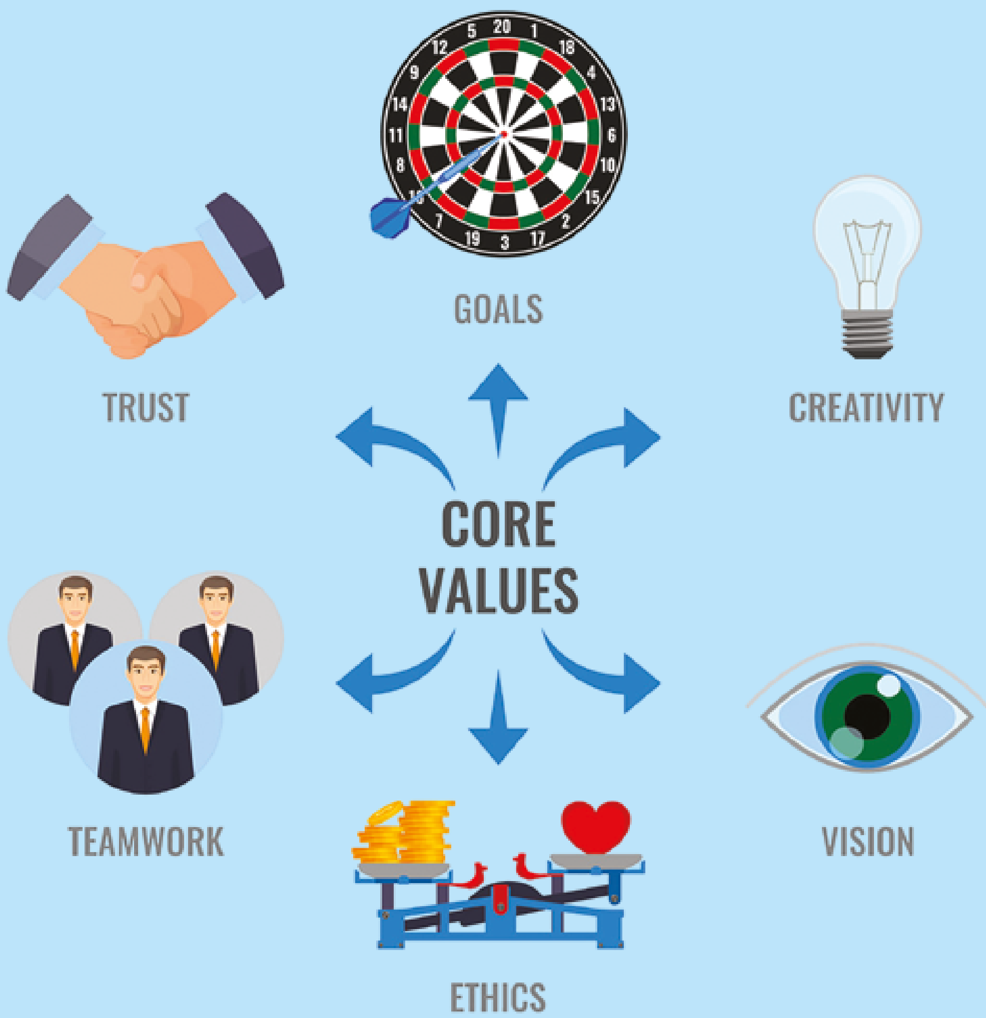
To accomplish targeted results through increased earnings for maximum benefit to the Company stakeholders.

To be an equal opportunity employer taking utmost care of the employees for their career progression with better reward and recognition of their abilities and performance.

To fulfill general obligations towards the society, particularly safety, security and other environmental protections.

Our Core Values

- An Organization with well disciplined and professionally managed operational and administrative functions
- Pioneering status in Polyester Fiber manufacturing
- High quality manufacturing standards
- Our products enjoy first preference of downstream users
- Performance excellence in all areas of operations
- Integrity in all our dealings based on commitments
- Very sound internal controls and highly disciplined financial management
- An excellent image and repute amongst corporate sector of the country and worldwide recognition
- High importance to stakeholders with historical background of regular dividend payouts to shareholders when Company in profits



Company Profile

RUPALI POLYESTER LIMITED was incorporated at Karachi in May 1980 as a Public Limited Company and is listed on Pakistan Stock Exchange Limited (formerly Karachi, Lahore and Islamabad Stock Exchanges). It owns and operates composite facilities to manufacture Polyester Staple Fiber and Polyester Filament Yarn. It produces quality products by using latest technology and best quality of raw materials. The Company has the privilege of being one of the pioneers in Pakistan for manufacture of Staple Fiber of highest quality. Since its inception, the Company has been growing steadily through expansion and diversified operations. The assets of the Company have increased to Rs. 5,896 million from the initial capital outlay of Rs.150 million.

The Company has a Polymerization Unit with a capacity of 105 metric tons per day, Polyester Filament Yarn capacity of 30 metric tons per day and a Polyester Staple Fiber capacity of 65 metric tons per day. The Company has put up an additional POY line to increase production. The various products of Rupali are in fact import substitution as these were previously imported from Japan, Indonesia, Taiwan and Korea. Now the Company is importing the basic raw materials only and through value addition is producing the highest quality products locally.

Since inception, the philosophy of the Company's management is to grow on the strength of quality and reliability. To achieve this objective, it is maintaining a well equipped Research & Development Centre for standard maintenance, innovative improvements in its products and achieving economies in production techniques without compromising on standard and quality of products. Products and services offered by the Company are acknowledged by the customers as quality and reliable products and are the first preference of customers.

The Company gives high priority to customers' satisfaction, tries to maintain uninterrupted supply of its products and provides after sales services, technical support for trouble shooting.

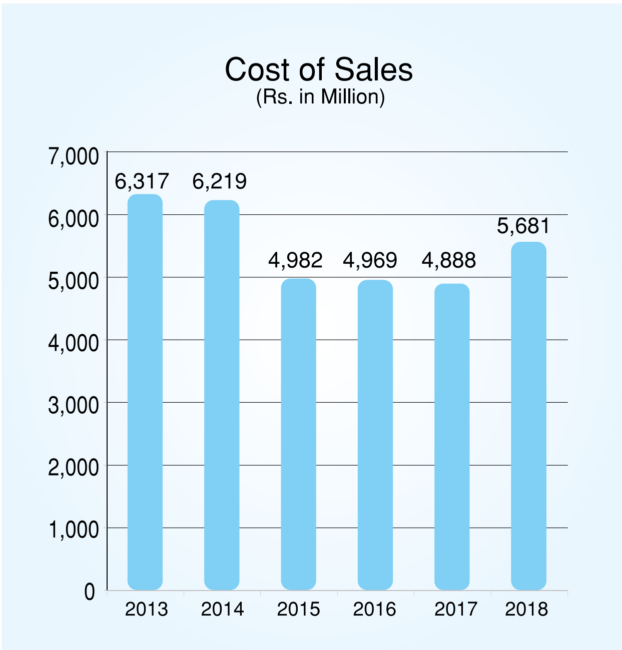
AL HAMDO LILLAH, the Company enjoys high prestige and reputation in the business community, banks, financial institutions and customers. It is also amongst major contributors to the national exchequer

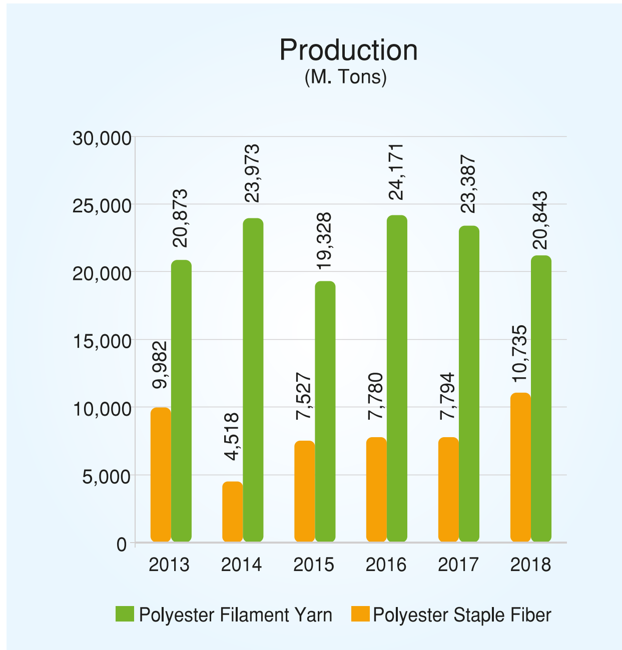
Financial Highlights

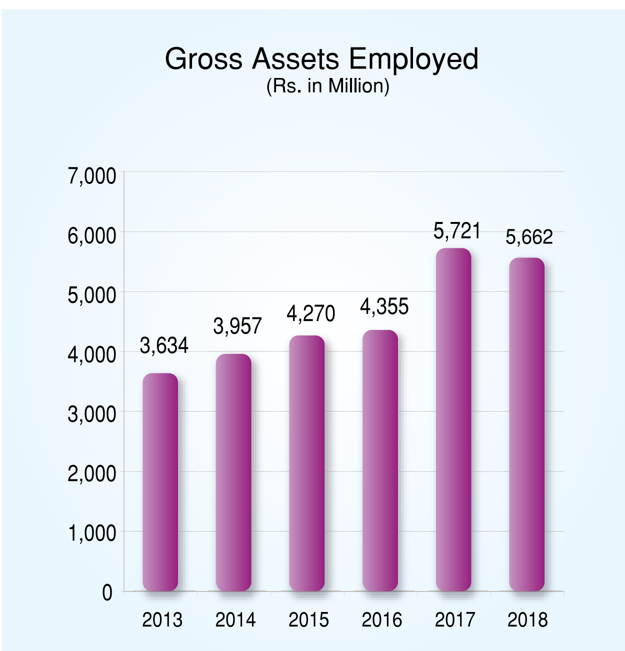
Particulars	UOM	2018	2017	2016	2015
Profit and Loss Account					
Sales - Net	Rs. in thousand	6,044,111	5,025,401	4,890,041	4,841,940
Cost of sales	Rs. in thousand	5,680,917	4,887,698	4,969,175	4,982,459
Gross Profit	Rs. in thousand	363,194	137,703	(79,134)	(140,519)
Operating profit	Rs. in thousand	234,689	(9,384)	(135,807)	(233,801)
Profit before tax	Rs. in thousand	115,822	(123,064)	(270,919)	(401,098)
Profit after tax	Rs. in thousand	64,553	(120,083)	(333,478)	(384,447)
Income tax - current	Rs. in thousand	60,479	43,937	48,900	-
- prior years	Rs. in thousand	266	(35,369)	-	-
- deferred	Rs. in thousand	(9,477)	(11,549)	13,659	(16,651)
Dividend					
Cash dividend	Rs. in thousand	34,069	-	-	-
Cash dividend rate	Percentage	10	-	-	-
Balance Sheet					
Share capital	Rs. in thousand	340,685	340,685	340,685	340,685
Reserves	Rs. in thousand	2,060,942	1,996,389	1,735,615	1,735,615
Shareholders equity	Rs. in thousand	2,401,627	2,337,074	1,032,799	1,366,277
No. of ordinary shares	Numbers	34,068,514	34,068,514	34,068,514	34,068,514
Non-Current liabilities	Rs. in thousand	554,584	592,176	649,133	658,917
Current liabilities	Rs. in thousand	2,939,533	2,799,721	2,704,858	2,263,206
Property, Plant and Equipment	Rs. in thousand	3,201,449	2,971,353	1,637,969	1,729,858
Capital work-in-progress	Rs. in thousand	234,019	7,972	32,286	17,945
Long term investments/loans/deposits	Rs. in thousand	4,396	4,396	4,361	4,361
Current assets	Rs. in thousand	2,252,399	2,353,222	2,344,460	2,229,181
Net current assets	Rs. in thousand	(687,134)	(446,499)	(360,398)	(34,025)
Total liabilities	Rs. in thousand	5,895,744	5,728,971	4,386,790	4,288,400
Total Assets	Rs. in thousand	5,895,744	5,728,971	4,386,790	4,288,400
Ratio Analysis					
Gross profit	Percentage	6.01	2.74	(1.62)	(2.90)
Net profit	Percentage	1.07	(2.39)	(6.82)	(7.94)
Inventory turnover	Times	7	8	8	6
Cash dividend per share	Rupees	1	-	-	-
Debt : equity ratio		6 : 94	7 : 93	19 : 81	17 : 83
Break-up value per share	Rupees	70.49	68.60	30.32	40.03
Market value per share at the end of the year	Rupees	29.50	19.25	8.98	12.00
Production volume					
Production capacity	M. Tons	22,100	22,100	22,100	22,100
Production achieved	M. Tons	31,578	31,181	31,951	26,859
Capacity utilization	Percentage	143	141	145	121
Employees	Numbers	1,323	1,230	1,198	1,251

2014	2013	2012	2011
5,952,659	6,091,802	6,390,922	6,455,848
6,219,222	6,317,322	6,175,904	5,804,892
(266,563)	(225,520)	215,018	650,956
(361,421)	(275,782)	125,266	515,795
(479,858)	(357,747)	81,750	503,881
(403,284)	(436,600)	20,939	332,262
-	30,459	63,909	116,219
(30,459)	565	(33,233)	(3,230)
(46,115)	47,829	30,135	58,630
-	-	34,068	187,377
-	-	10	55
340,685	340,685	340,685	340,685
1,735,615	1,735,615	1,735,615	1,735,615
1,462,789	1,866,073	2,335,957	2,496,802
34,068,514	34,068,514	34,068,514	34,068,514
516,553	411,166	365,068	329,253
2,075,711	1,393,461	1,400,079	1,146,577
1,630,402	1,578,010	1,311,704	1,192,889
98,324	37,110	226,909	26,998
4,361	4,281	4,281	4,281
2,420,290	2,088,409	2,558,210	2,748,464
344,579	694,948	1,158,131	1,601,887
4,055,053	3,670,700	4,101,104	3,972,632
4,055,053	3,670,700	4,101,104	3,972,632
(4.47)	(3.70)	3.36	10.08
(6.77)	(7.17)	0.33	5.15
7	6	4	4
-	-	1.00	5.50
9 : 91	0 : 100	0 : 100	0 : 100
42.94	54.77	68.40	73.29
17.10	23.30	25.66	41.50
22,100	22,100	22,100	22,100
28,491	30,855	34,957	35,250
129	140	158	160
968	1,001	1,238	1,239

Graphical Presentation







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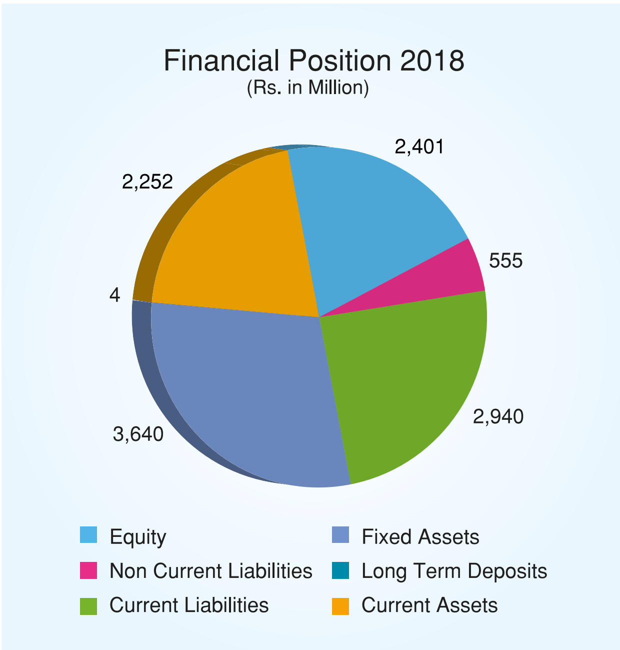


Chairman's Review

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

I am happy to report that the Company's financial position has been substantially strengthened during the financial year 2018. The overall performance of the Company for FY 2018 has been described in detail in the Directors' Report. The success of the Company in this transition pose primarily to the policy framework and guidelines of the Board as under:

1. The Company has a well thought of vision, mission and values. The Board revisited the vision and mission statements.

2. The Board set annual targets for the Management in all key performance areas.

3. The Board provided directions and oversight to the Company's business activities.

4. On the guidelines of the Board, the Management carried out several expansion and refurbishing projects during the year.

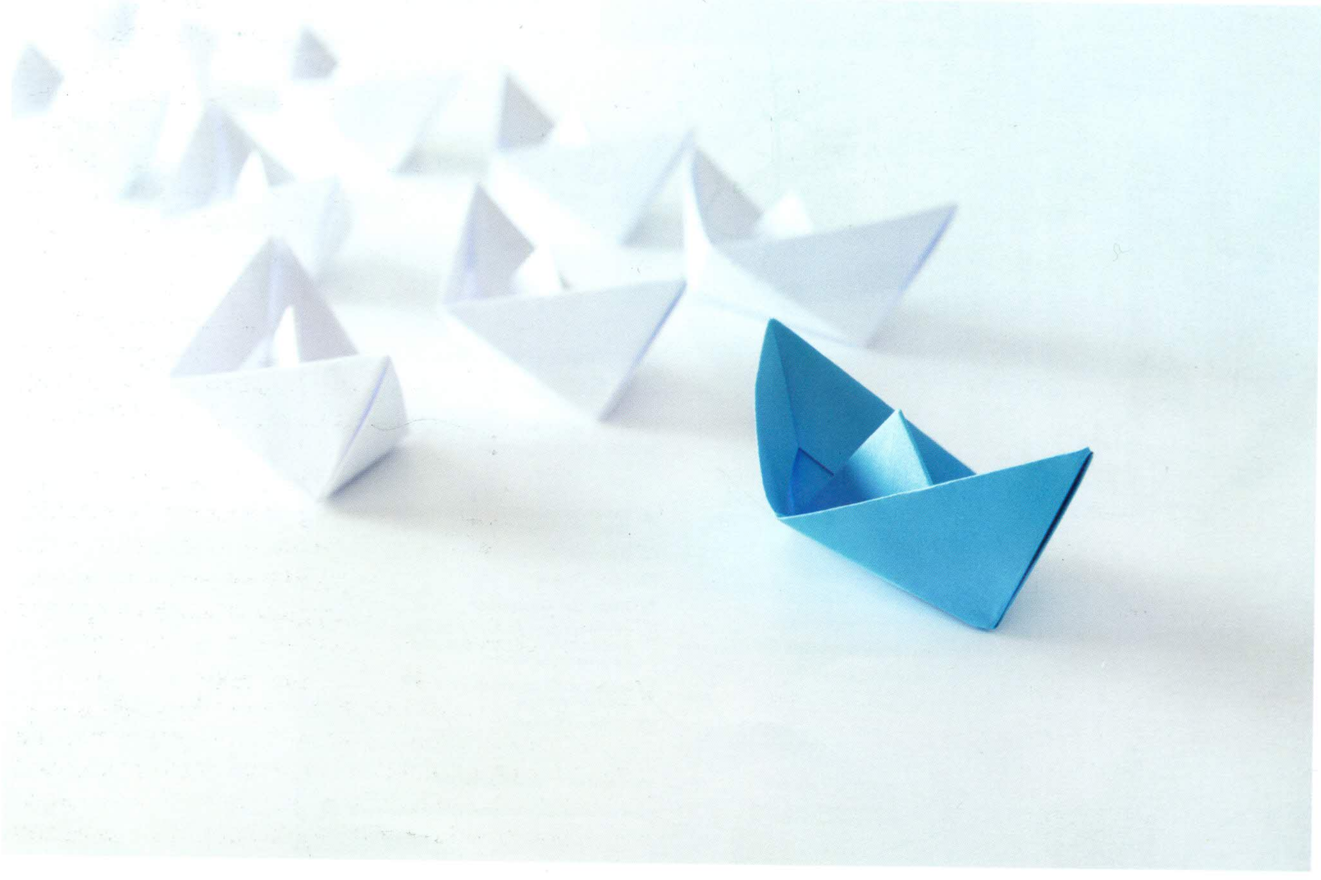
5. It put in place transparent and robust system of governance, more specifically under the Listed Companies (Code of Corporate Governance) Regulations, 2017.

6. The Board reviewed, discussed and approved business strategy, plan, budgets and financial statements and other reports including internal audit reports. It received clear agendas and supporting written material in sufficient time prior to board and committee meetings. The Board met frequently enough during the year.

7. The Board members offered the diversity and right mix of independent and non-executive directors. Further diversity in compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 will be made after election of the board in the forthcoming annual general meeting.

Nooruddin Feerasta
Chairman

Lahore: 17 September 2018



Directors' Report to the Shareholders

On behalf of the Board of Directors of the Company, we are pleased to welcome you to the thirty-eighth annual general meeting and present the Annual Report and the audited financial statements of the Company for the year ended 30 June 2018 together with the Auditors' report.

Financial Results:

	Rupees in thousand
Profit before taxation	115,822
Taxation	(51,269)
Profit after taxation	64,553
Appropriations – proposed dividend @ 10%	34,069
	Rupees
Earnings (loss) per share – basic and diluted	1.89

Overview

During the FY 2018, the Company emerged rejuvenated through operational and administrative measures as reflected in the financial results. The imposition of anti-dumping duty and regulatory duty on imports of Polyester Filament Yarn (PFY) from China and Malaysia greatly contributed to improve Company's bottom line. Pursuant to these levies, the demand of local PFY increased substantially owing to its superior quality.

The operating performance of the Company was monitored actively for achieving cost effectiveness and pre-determined targets and goals. Our products attract customers as they keep on adjusting yield mixes of imported and local yarn to maximize their gross margins.

The Company promotes innovative thinking through aspirational target setting. In this approach, stretch targets are fixed for teams of professionals so that they collaborate and come up with innovative ideas to reach as close as possible to the aspirational targets.

Looking into the domestic requirement of Polyester Filament Yarn (PFY) and to cater for the increased demand in the market and to substitute the imported PFY, we have installed a new POY line of latest technology at our plant. The expected cost of this expansion will be over Rs.200 million. This project is in the final stages of its operation and hopefully it will start operation in October 2018. Despite this significant spend, the Company was able to maintain the gross margins during the year. The Company also continues to pursue its strategy of upgrading and refurbishing of its existing core assets.

Dumped PFY imports

The injury to domestic PFY producers as investigated by the National Tariff Commission has amounted to over 25%. With the imposition of an anti-dumping duty (ADD) last year of 3.25% to 11.35% on polyester filament yarn originating in or exported from China and Malaysia the gap of prices between local products and imported products based on dumped prices has decreased and to some extent has facilitated the domestic industry's growth, although not to full extent of injury of over 25%. However, in repercussion of levy of ADD, the Pakistan Yarn Merchants Association have filed petitions against the implementation of this duty before different forums of the Honourable High Courts and the Honorable Supreme Court of Pakistan.

An SRO 1035(I)/2017 dated 16 October 2017, levying Regulatory Duty on several items including yarn under HS Code 52 was quashed by the Honourable Sindh High Court. Federal Board of Revenue filed an appeal before the Honourable Supreme Court of Pakistan and the Court disposed off the Appeal in favour of FBR.

While the pursuant to dismiss such a petition in the Peshawar High Court remained in favour, the determination of anti-dumping was again challenged in the same Court by some importers. In final Order, the Honourable Peshawar High Court has dismissed all the petitions. The Court further strictly directed the office that in future similar nature cases shall be placed before the same Bench of this Court to avoid conflicting judgments.

Furthermore, in August 2018, on a petition filed by a yarn merchant before the Lahore High Court Rawalpindi Bench, the Court has granted the ad-interim injunction. The Company has filed an application as intervener and will defend the case as there is a strong base of Court Orders of dismissal of such nature petitions.

There appears to be a misconception that the country's textile exports have suffered due to levy of ADD and RD on PFY. To dispel this impression, we may clarify that the levy of ADD and RD in no way affects the textile exports adversely as is claimed by Pakistan Yarn Merchants Association and some other associations. Some quarters are wrongly proposing for removal of Regulatory Duty on imported PFY without realizing the fact that RD greatly helps in controlling the trade deficit. PFY is used mainly in domestic products and not in export products. Unlike cotton yarn where more than 50% is used in export products, only 15% to 20% of PFY is used in exports and more than two third of this is already imported under DTRE. So 5% duty on PFY does not affect the textile exports. Since more than 60% of the filament yarn requirement was imported with payment of 11% custom duty, it was logical for exporters to approach FBR for updating of the export rebate for polyester filament items based on this import duty impact. However, record will show that no such concerted effort was made by any exporter or exporters' association again supporting our above assertion.

Supporting domestic PFY industry through RD will reduce trade deficit. The RD and anti-dumping duty has allowed the domestic units of PFY to immediately increase their capacity utilization and re-start previously shutdown production lines. The Company is also now expanding its production capacity. The domestic production of PFY is expected to grow to over 110,000 M. Tons to substantially meet the local demand. As such RD has already helped in doubling the domestic production from 60,000 M. Tons when in 2017 RD was imposed to 110,000 M. Tons in 2018-19. If RD is continued, then further expansion lines on the drawing table will be launched increasing domestic production to nearly 150,000 M. Tons or nearly 75% of total domestic requirement of nearly 200,000 M. Tons (excluding the imports under DTRE. This will help to reduce imports for domestic consumption by two third from 140,000 M. tons to 50,000 M. Tons.

It is also worthwhile to note that anti-dumping duties on PFY though imposed in August 2017, were also not made fully effective until beginning of November 2017 due to court cases. Had the duty been imposed 4 years ago, the opportunity cost that is a burden on every domestic producer would have resulted in expansion and growth for the industry and Pakistan's GDP. Due to this injury, imports of substitute goods via some bill have to be regulated to meet local demands by way of rationalization and rehabilitation of unutilized / under-utilized capacities or producing facilities.

As stated earlier, both Chinese and Malaysian filament yarn producers are heavily involved in dumping of their product as evidenced by the increase in overall PFY imports month over month. Despite the levy of a 5% regulatory duty (effectively 4% as 1% additional customs duty was removed) and an increase in Raw Material prices, the average C&F price at which PFY has been imported has decreased month over month reflecting a dire need for the NTC to intervene in order to save the local PFY industry from complete annihilation.

High Energy Tariffs

The availability of RLNG in the country's gas supply network has greatly eased out the energy shortfalls. However, there is a big anomaly in gas taxes within provinces. The cost of power is a short-term market shock that is dependent on gas prices, however the prices are not in anyone's favour for the long run. We are charged in Punjab RLNG price Rs.1,600 per MMBTU at present as against Rs.600 per MMBTU of natural gas available to Sindh-based industry. This difference escalates our manufacturing cost. Government should ease-out the cost of doing business for Punjab by removing this gas tariff anomaly.

OEKO Certification

Imported raw materials, advanced production equipment and professional and technical talents contribute to produce our high quality products. Our products (PFY) have passed the human-ecological requirements OEKO-TEX® STANDARD 100.

Pak Rupee devaluation

Another threat out of control is the Pak Rupee devaluation. Since December 2017, the Rupee has tumbled against the US dollar by over 17 percent – this will further make imports expensive and the cost-escalated raw materials will impact our manufacturing costs disproportional to the selling prices in the market.

Effective 16 July 2018, interest rates have been raised from 6.5 to 7.5 percent which is the biggest push in preceding many years. This will increase our finance cost.

Better now but challenges ahead

Textile sector has depicted a period of recovery in FY18, however, we highlight the long term challenges including i) emerging threats of PFY dumping, ii) aggressive growth inducing policies by the Indian government, iii) regional competition in regard to lower wage rate and power tariffs and iv) ongoing water crisis, that can potentially undermine the performance of textile sector in the long term. On the flip side, the sector has finally picked up its pace in FY18 after witnessing multiple depressed years. We expect the sector to continue its positive momentum in the medium term following i) PKR/USD depreciation and ii) extension of textile incentive package for another 3 years. However, the government needs to address the long term challenges to the sector on a priority basis to maintain the competitiveness of domestic industry.

Sales Tax Refunds

Our huge funds are stuck up with the Government on account of sales tax refunds which are unnecessarily increasing financial cost and affecting liquidity of the Company. Gas Infrastructure Development Cess (GIDC) is still a big threat to the industry. The matter is pending before Sui Northern Gas Pipelines Limited (SNGPL) as per the directions of the Honourable Lahore High Court. The GIDC Act needs to be abolished forthwith.

Raw Material Prices

Raw material prices increased constantly during the financial year 2017-18. PTA price in August 2017 was US$ 670.00 per M. Ton which showed upward trend and in August 2018, it increased to US$ 920.00 per M. Ton. Similarly, MEG price which in May 2017 was US$ 725.00 M. Ton went up to Rs.1,075 per M. Ton in May 2018.

In Finance Act 2018, Additional Customs Duty on PTA and MEG has been increased from 1% to 2%.

Sales Revenue and Profits

Sales volume of PSF and PFY in the year 2018 remained high with sales of last year. Our marketing campaign largely contributed to boost sales, however, downstream consumers sometime showed reluctance to absorb more feedstock because of slow market response under stiff competition with imported cloth and fabrics.

Sale revenues for the year ended 30 June 2018 increased to Rs.6,044.11 million from Rs.5,025.40 million for the FY 2017. Gross profit increased to Rs.363.19 million from gross profit of Rs.137.70 million FY 2017. Operating profit clocked to Rs.234.69 million against operating loss of Rs.9.38 million in last year. Finance cost slightly increased to Rs.118.87 million from Rs.113.68 million mainly because of utilization of financing for expansion projects. We earned a profit before tax of Rs.115.82 million against before tax loss of Rs.123.06 million in the FY 2017. After tax loss of Rs.120.08 million in FY 2017 turned around to net profit after tax amounting to Rs.64.55 million.

Future Outlook

The future of an Industry lies in the favourable business and protection policies of the government aimed at curbing injurious practices of illegal imports into the country, which are hazardous for the domestic industry.

Brent showed rising trend on widespread perceptions that the global oil market is tightening and could run short in the next few months on US sanctions restricting crude exports from Iran. Oil markets would struggle for direction, as uncertainty caused by the Iranian sanctions and escalating trade tensions between the U.S. and China persists.

In recent past, the dollar hit high against a basket of major currencies. State Bank of Pakistan has imposed condition of hundred percent cash margin against some specific imports. This will adversely affect our raw material imports which are normally imported under usance LCs under 90 days deferred payments.

Gas and furnace oil prices are very high. They will further increase our manufacturing cost. According to the International Monetary Fund, the global economy is expected to grow at ~3.4% in Financial Year 2018-19. This is due to the fact that slowdown in production in China and Malaysia is expected to be more than offset by recovery of the developed economies and growth in South-East Asia. However, currency movements and interest rates pose risks for growth in many regions. Developed economies are expected to grow moderately. This situation is expected to help in the area of Pakistani exports including textile exports.

Further, movement of currencies against US$ would also have a significant impact on the movement of PSF and PFY raw material prices. Cyclical macro parameters like inflation, international oil prices will impact domestic manufacturing. The Pakistani economy is in the midst of significant structural change and is expected to embark on a sustained economic growth cycle. However, this economic growth will depend on steady implementation of reforms aimed at improving productivity and competitiveness. Government initiatives to curb unnecessary imports will stimulate manufacturing growth while its focus on infrastructure should revive the investment cycle. This should help Pakistan grow while being fiscally prudent.

The CPEC projects are going on with full swing with financial and technical collaboration of China which has opened vistas for infrastructure and industrial development in the country. It is imperative that the government should closely monitor the financial and other impacts on country's economy in derivative analysis against the initial objectives. The government should also ensure that interest of domestic industry is not jeopardized or leveraged in any form.

The Company is operating in the domestic PSF and PFY industry with a growth-oriented strategy and will continue to focus on the same in the coming years. Almost 100% of the products are sold in the domestic market. While the Company has customers and customer groups all across Punjab, the concentration of the overall sales is mostly in the southern and northern parts of the country.

The Company's branded products have a country wide reach and recognition to serve majority of central Punjab consumers annually through a pan Punjab distribution network, focused on delivering a distinct consumer experience. Currently we have a network of distributors retailing our products.

The Company sees scope for improved sales in future as it continues to work on the precision of its production and delivery performance.

The Company is also making significant investment towards infrastructure and building greater safe operational environments.

Since the last many years an irony has emerged at 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 potentiality. 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, Korea and other regional countries have been allowed which have penetrated into our markets, thus crippling the domestic industry and has given rise to competitive environment. Local industrialists are not adequately encouraged by way of sovereign protection enabling them to channelize further investments in developing the infrastructure and creating employment opportunities.

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

The Board of Directors has overall responsibility for the overseeing of 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 under the oversight of the Board.

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

Board of Directors

Current members on the Board of Directors will end their term on 30 October 2018 and election of Directors for next term of three years will be held in the forthcoming annual general meeting. The number of Directors fixed by the Board is eight (8).

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 shall be determined by the new Board pursuant to election in the forthcoming annual general meeting.

Remuneration of Directors:

Following are the aggregate amounts of salary / fee and other perquisites of the present Board for FY-2018:

Directors' category	Number	Aggregate amount of salary and fee	Other perquisites
Executive Directors: One CEO (Mr. Nooruddin Feerasta Executive Director (Mr. Abdul Hayee)	Two (Chief Executive and one Executive Director)	NIL Rs.5.85 million	Chief Executive Officer is drawing no salary since his first appointment except company car. Nil
Independent Director	One	Nil	Nil
Non-Executive Directors	Four	Nil	Nil

The remuneration policy will be reviewed by the new Board to be composed pursuant to election of directors in the forthcoming annual general meeting.

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 2018-19.

Dividend

The Board has recommended a final cash dividend @ 10% i.e. Re.1.00 per share of Rupees Ten each.

Pattern of Shareholding

A statement showing the pattern of shareholding in the Company as at 30 June 2018 appears on Page 79.

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 and Code of Corporate Governance 2017 and Rule Book of Pakistan Stock Exchange Limited:

- During the financial year ended 30 June 2018, following were the directors of the Company. Total number of Directors: 7 (all male. Female to be inducted in next composition pursuant to election in forthcoming AGM).

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

Committees of the Board

Audit Committee

1. Mr. Sultan Ali Rajwany	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 setting up of a latest technology machine for POY production and refurbishment of manufacturing lines with the aim of cost-cutting. The operational performance remained satisfactory managed with team of professionals. Strategic review was undertaken through monitoring of marketing trend for monthly production plans was focused to ensure uninterrupted supply to meet the downstream demands.

- Dumped imports of low quality from China and Malaysia of posed hazardous and potential risks are still encountered by the Company and market's uncertain behavior inhibited the production targets.

- 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 2018.

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

- Pattern of shareholding as on 30 June 2018 is annexed.

- The earning per share at the year end was Rs.1.89

- The factors contributed in turnaround from loss incurred during the year 2017-18 have been elaborated in this Report. Several measures were taken during the year by the Company Management under guidance of the Board of Directors to serve as economic tools to make the unit profitable and we are moving forward gradually towards that direction as is evident from the financial results. The top and bottom line results during the year under review have shown profits and turnaround from loss situation.

- The Company's historical debt repayments and servicing record is excellent and its Management never allowed a situation to arise which may cause default in repayment of debt.

- The Company's internal controls are strong. The Company has implemented sound systems and controls in all spheres of operational and commercial activities with check & balance for regular monitoring. The purchase procedures and SOPs are also sound and the checks and controls are ensured at every stage. This system is functioning smoothly and successfully with no element of delay in meeting requirements as per the delivery schedules. The SOPs of various activities are regularly reviewed and bottlenecks removed for improvements where required for smooth system functioning.

- There has occurred no material changes and commitments materially affecting the financial position of the Company between the end of the financial year of the Company i.e. 30 June 2018 and the date of the report. However, the results will be under pressure in coming periods by virtue of Pak Rupee devaluation against US Dollar.

- The Company's business which 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. Raw material prices are on the higher side which may affect the Company's margins in future periods. Large funds are stuck up with the Government on account of refund claims.

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

- Significant and Material Orders Passed by the Regulators or Courts: There have been no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations.

Related party transactions

The Company executes transactions with following associated companies, related parties in its ordinary course of business on arm's length basis:

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

The shareholders in its meeting held on 27 October 2017 had given approval through special resolution for transactions to be consummated with related parties during the year 2017-18. The Board of Directors have duly approved/ratified the transactions made in FY 2018 with above related parties.

Disclosure Requirements as per Listing Regulations / 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' Report 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. Environmental and Regulatory aspects in the Objectives and Strategies of the Company: In order to derive 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 has replaced all office and street lights at the plant with LED lights 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 focusses 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.

- The Company has maintained its books of account as per statutory requirements.
- The Company's financial statements fully present state of affairs fairly, its results of operations, cash flows and changes in equity.
- Appropriate accounting policies and applicable International Accounting Standards and International Financial Reporting Standards were applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment and any departures there from have been adequately disclosed and explained.
- There is no inconsistency in these policies and no material departure from the best practices of corporate governance is allowed.
- These accounts have been prepared on going concern basis and the Management is satisfied regarding going concern status of the Company.
- The system of internal controls of the Company is significantly sound in design and has been effectively implemented and monitored.
- Plant operations remained normal throughout the year. However, the dumped imports from China, Malaysia and India put adverse impact on our results. The reasons for impact on operating results 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:

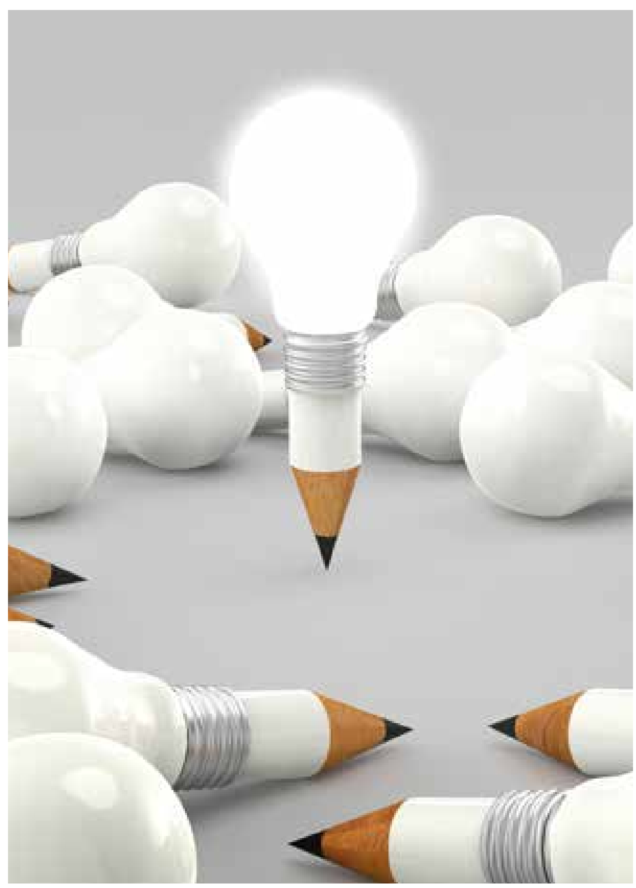
(Rupees in thousand)	
30 June 2018	30 June 2017
(Unaudited)	(Audited)
25,662	26,007

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. Sultan Ali Rajwany	Chairman	2
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	2
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. Mr. Muhammad Ali Sayani (Non-executive)	4
4. Mr. Sultan Ali Rajwany (Independent & Non-executive)	2
5. Mr. Shehzad Feerasta (Non-executive)	3
6. Mr. Zeeshan Feerasta (Non-executive)	4
7. 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 under-privileged patients, students and children of various special needs.

Code of Conduct

As a part of continuous adherence to best practices of corporate governance, Rupali Polyester Limited believes in widely disseminating its values and ethics for strict adherence by all employees, contractors, suppliers and others associated with business of the Company. Our commitment to encouraging ethical and responsible practices is demonstrated by the fact that the Company had a comprehensive Code of Conduct in place well before the introduction of this requirement in 2002. The Code of Conduct of the Company is reviewed periodically and we ensure compliance at all levels. Furthermore, upon joining the Company, all employees are required to read and understand the Code of Conduct for strict compliance which demonstrate Company's best corporate governance in practice.

Whistleblowing Policy

Rupali Polyester Limited 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 programme, 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. This process is overseen by the Board Audit Committee as well as the Board.

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 2018.

There was no reportable occupational illness from our employees or contracted manpower in 2018. Proper fumigation and treatment against viral spread is regularly carried out at plant site and offices.

Labor Management Relations

Like previous years, cordial relations were maintained between the Management and the labor force. We wish to extend our appreciation for their dedication and hard work demonstrated at every level for the progress and growth of the Company.

Approval of Financial Statements

The financial statements for the year 2018 prepared as per provisions of Companies Act, 2017 were approved and authorized for their issuance by the Board of Directors on 17 September 2018.

Approval of the Directors' Report and Compliance Statement

The Board of Directors approved the Directors' Report and statement of compliance on 17 September 2018 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 Departments of Customs, Central Excise 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:
17 September 2018

کارپوریٹ سماجی ذمہ داری (CSR)

آپکی کمپنی سماجی ذمہ داریوں کو بہت ترجیح دیتی ہے اور کارپوریٹ رویے کے اعلیٰ ترین معیارات پر کاربند ہے۔ کمپنی کی CSR ذمہ داریاں صحت، تعلیم، ماحولیاتی تحفظ، پانی اور حفظانِ صحت، بچوں کی بہبود، بنیادی ڈھانچے کی ترقی اور دیگر فلاحی سرگرمیوں، اضافی فنڈز کی دستیابی سے مشروط منتخب مالی شرکت سے پوری ہوتی ہیں۔
ہماری CSR سرگرمیوں میں اسپتالوں کے تحت مراعات یافتہ مریضوں، طلبہ اور مختلف خصوصی ضروریات کے حامل بچوں کی مد میں مصروف تعلیم کے پروگرام کا حصہ شامل ہے۔

صحت، حفاظت اور ماحول

کمپنی سختی سے محفوظ اور صحت مند ماحول کو برقرار رکھتے ہوئے اپنے کاروبار کی کاروائیوں کے ساتھ ساتھ وابستہ تنظیموں کے لئے تمام پہلوؤں کی جانب مصروف عمل ہے۔ حفاظتی پہلوؤں کو نہایت اہم سمجھتے ہوئے اس کا کاملاً ادراک رکھتی ہے اور آپریشنل عمدگی 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 ۲۰۱۸ء کمپنیوں کے قانون مجریہ ۲۰۱۷ء کے تحت بنائے گئے کی منظوری ۱۷ ستمبر ۲۰۱۸ء ہونے والے بورڈ آف ڈائریکٹرز کے اجلاس میں دی گئی اور ان کے اجراء کے لیے اختیار دیا گیا تھا۔

ڈائریکٹرز رپورٹ اور تعمیل کا بیان

ڈائریکٹرز رپورٹ اور تعمیل کے بیان کی منظوری بورڈ آف ڈائریکٹرز نے اپنے ۱۷ ستمبر ۲۰۱۸ء کو ہونے والے اجلاس میں دی۔

اظہارِ تشکر

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

نورالدین فیراستہ
چیف ایگزیکٹو آفیسر

شہزاد فیراستہ
ڈائریکٹر

لاہور:
۱۷ ستمبر ۲۰۱۸

- مالیاتی گوشواروں کی تیاری میں ایسے بین الاقوامی فنانشل رپورٹنگ اسٹینڈرز کے استعمال کو یقینی بنایا گیا ہے، جو پاکستان میں لاگو کیے گئے ہیں۔
- یہ حسابات کمپنی بحیثیت ایک چلتا ہوا کاروباری ادارہ کی بنیاد پر بنائے گئے ہیں اور کمپنی انتظامیہ اس حیثیت پر مکمل طور پر مطمئن ہے۔
- اندرونی کنٹرول کا نظام بہترین اور موثر انداز میں مرتب اور لاگو کرتے ہوئے اس کی نگرانی کی جاتی ہے۔
- موجودہ حالات میں کمپنی کی قابلیت پر کوئی شکوک وشبہات نہیں ہیں۔

پراویڈنٹ فنڈ کی سرمایہ کاری

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

۳۰ جون ۲۰۱۷	۳۰ جون ۲۰۱۸
---روپے ہزاروں میں---	
(پڑتال شدہ)	(غیر پڑتال شدہ)
۲۶،۰۰۷	۲۵،۶۶۲

اجلاسوں میں شرکت کی تفصیل

محاسبی کمیٹی

کل اجلاس ۴

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

انسانی وسائل کی کمیٹی

کل اجلاس ۴

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

بورڈ آف ڈائریکٹرز

کل اجلاس ۴

نام رُکن	کتنے اجلاسوں میں شرکت کی
۱۔ جناب نورالدین فیراستہ (چیف ایگزیکٹو آفیسر)	۴
۲۔ جناب محمد رشید ظاہر (غیر-ایگزیکٹیو)	۴
۳۔ جناب محمد علی سیانی (غیر-ایگزیکٹیو)	۴
۴۔ جناب سلطان علی راجوانی (آزاد اور غیر-ایگزیکٹیو)	۲
۵۔ جناب شہزاد فیراستہ (غیر-ایگزیکٹیو)	۳
۶۔ جناب ذیشان فیراستہ (غیر-ایگزیکٹیو)	۴
۷۔ جناب عبدالحئ (ایگزیکٹیو)	۴

- مالی سال مختتمہ ۳۰ جون ۲۰۱۸ کے دوران ڈائریکٹران میں کوئی تبدیلی نہیں تھی۔ ڈائریکٹران کے اسماء یہ ہیں۔

کیٹیگری	اسماء
ا۔ آزاد ڈائریکٹر	جناب سلطان علی راجوانی
ب۔ غیر ایگزیکٹیو ڈائریکٹرز	جناب محمد رشید ظاہر جناب شہزاد فیراستہ جناب ذیشان فیراستہ
ج۔ ایگزیکٹیو ڈائریکٹرز	جناب نورالدین فیراستہ جناب عبدالحئی

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

- بورڈ ممبران اور کمپنی مینجمنٹ درپیش مسائل سے بخوبی آگاہ ہیں اور اہم اقدامات تدریجی مراحل میں اُٹھائے جارہے ہیں جس سے کمپنی کی سرگرمیوں اور مالی امور میں نمایاں تبدیلی آئی ہے۔
- کمپنی مینجمنٹ ادائیگیوں میں نہایت اصول پرست ہے اور اس ضمن میں ایک اعلی ساکھ کی حامل ہے ادائیگی میں بلا جواز تاخیر کبھی رونما نہیں ہوئی۔
- کمپنی کے اندرونی کنٹرول اعلی معیار پر بنائے گئے ہیں جن پر سختی سے عمل ہوتا ہے۔
- کمپنی کے امور میں سال مختتمہ ۳۰ جون ۲۰۱۸ سے اب تک کوئی ایسی تبدیلی رونما نہیں ہوئی جو کہ مالی حالت میں کسی بڑی تبدیلی کی عکاس ہوں۔ البتہ درآمد ہونے والے پولی ایسٹر یارن پر اینٹی ڈمپنگ ڈیوٹی لگنے سے اِس مدت میں مالی نتائج میں بہتری دیکھنے میں آئی ہے۔
- کمپنی کے کاروبار سے ماحولیات پر کوئی مضر اثر نہیں پڑ رہا اور ماحولیاتی تحفظ کے اصولوں کو مدِ نظر رکھا جاتا ہے۔
- کمپنی اپنی CSR ذمہ داریوں سے بخوبی آگاہ ہے اور اس مد میں وقتاً فوقتاً مختلف مستحق اداروں سے مالی تعاون کرتی رہتی ہے۔

متعلقہ پارٹیوں سے لین دین

منسلک کمپنیوں اور متعلقہ پارٹیوں سے کئے گئے لین دین کو بورڈ آف ڈائریکٹرز کے سامنے پیش کیا جاتا ہے۔ سال ۲۰۱۸ میں کیے جانے والے لین دین کو حصص داران کے ہونے والے سالانہ اجلاس میں برائے منظوری پیش کیا جارہا ہے۔

کوڈ آف کارپوریٹ گورننس / لسٹنگ قوانین کے تحت خصوصی تفصیلات

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

- کمپنی کی جانب سے تیار کردہ مالیاتی گوشوارے، اس کے معاملات کی حالت، آپریٹنگ نتائج، پیسے کے بہاؤ اور مالکایہ (Equity) میں تبدیلی کی نشاندہی کررہے 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۔

بورڈ آف ڈائریکٹرز

موجودہ ممبران ۳۰ اکتوبر ۲۰۱۸ کو اپنی مدّت پوری کریں گے اور اگلی مدّت کے لئے ڈائریکٹران کا انتخاب ہونے والے سالانہ اجلاس میں ہوگا۔ بورڈ ممبران نے بورڈ کا نمبر آٹھ (8) متعیّن کیا ہے۔ ۳۰ اکتوبر ۲۰۱۵ کو ہونے والے انتخابات کے بعد بورڈ کے مرکب میں کوئی تبدیلی رونما نہیں ہوئی۔

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

اگلے سالانہ اجلاس میں تشکیل پانے والا بورڈ ڈائریکٹران کے معاوضہ کا تعیّن کرے گا۔

ڈائریکٹران کا مشاہرہ

تفصیل برائے مجموعی رقم برائے سال ۲۰۱۸ ذیل میں دی گئی ہے۔

ڈائریکٹرز کیٹیگری	تعداد	مجموعی رقم	دیگر مراعات
ایگزیکٹو ڈائریکٹرز: ایک چیف ایگزیکٹو آفیسر (جناب نورالدین فیراستہ) ایگزیکٹو ڈائریکٹر (جناب عبدالحئی)	دو (چیف ایگزیکٹو اور ایک ایگزیکٹو ڈائریکٹر)	- ۵.۸۵ ملین روپے	چیف ایگزیکٹو آفیسر اُن کی پہلی تقرری سے اب تک کوئی تنخواہ نہیں لے رہے سوائے کمپنی کار کے۔ -
آزاد ڈائریکٹر	ایک	-	-
غیر ایگزیکٹو ڈائریکٹرز	چار	-	-

معاوضہ پالیسی پر نیا بورڈ دوبارہ نظرثانی کرے گا۔

محاسب

موجودہ محاسب میسرز قوی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس اپنے تقرر کی مدت پوری کر چکے ہیں اور بر بنائے اہلیت خود کو دوبارہ تقرری کے لیے پیش کر رہے ہیں۔ بورڈ کی محاسبی کمیٹی نے اُن کے محاسب کی حیثیت سے دوبارہ تقرری برائے سال ۱۹-۲۰۱۸ کی سفارش کی ہے۔

حصص داری کا طرز

۳۰ جون ۲۰۱۸ کے دن کمپنی کی حصص داری کی ایک تفصیل صفحہ نمبر ۹۷ پر موجود ہے۔

دیگر افشا

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

مستقبل کا جائزہ

ایک صنعت کا مستقبل حکومتی حکمت عملیوں پر منحصر ہوتا ہے جو کاروبار کو تحفظ دیں اور ان غیر قانونی درآمدات کو جو ملکی صنعت کے لئے خطرہ ہوں کو روکیں۔

ایران کے خام تیل کی برآمد پر امریکی پابندی کے باعث تیل کی بین الاقوامی منڈی میں برنٹ کی قیمتیں بڑھی ہیں۔اسی طرح چین اور امریکہ کے مابین تجارتی کشیدگی سے غیر یقینی صورت حال پیدا ہو رہی ہے۔

حال میں امریکی ڈالر اور دیگر کرنسیوں کی قیمت تبادلہ بڑھی ہے۔دوسری طرف بنک دولت پاکستان نے کچھ مخصوص اشیاء کی درآمد پر سو فیصد کیش مارجن کی شرط عائد کی ہے اس سے ہمارا کچھ خام مال متاثر ہوگا جو کہ عمومی طور پر ۹۰ دن (Usance L/C) بعد ادائیگی کے تحت آ رہی ہیں۔

گیس اور فرنس آئل کی قیمتیں بہت زیادہ ہیں جس سے مصنوعات کی پیداواری لاگت مزید بڑھے گی۔IMF کے مطابق گلوبل معیشت میں بہتری کی توقع ہے۔چین اور ملائیشیا میں پیداوار ہوسکتا ہے کچھ کم ہو اور ترقی یافتہ معیشت اور جنوب مشرق وسطیٰ کی معیشت میں بحالی کو نمو ملے۔البتہ کرنسی اور سود کی شرح میں نقل وحرکت اپنی جگہ خطرہ ہیں۔پاکستانی برآمدات بشمول ٹیکسٹائل سیکٹر میں بہتری میں مدد ملے گی۔

کرنسی میں نقل وحرکت PSF اور PFY کے خام مال اور مصنوعات پر اثر انداز ہوگی معیشت کی نمو بہتر اقدامات کی مرہون منت ہے جن سے پیداواری صلاحیتیں پنپ سکیں۔غیر ضروری اشیاء کی درآمد کو روکنے کے حکومتی اقدامات مقامی صنعت کی نمو کے لئے خوش آئند ثابت ہوں گے۔

چین کی فنی اور مالی معاونت سے CPEC جیسے منصوبے شروع ہیں ان سے ملکی صنعتی کو نمو حاصل ہوگی اور معیشت کو استحکام ملے گا لیکن حکومت اس امر کو یقینی بنائے کہ مقامی صنعت کسی بھی صورت میں متاثر نہ ہو۔اس منصوبے کے ملکی معیشت پر مالی اور دیگر اثرات اور اہداف کا جائزہ لینا حکومت کے لئے ضروری ہے۔

کمپنی کی مصنوعات سو فیصد مقامی مارکیٹ میں فروخت ہوتی ہیں اور پورے پنجاب میں ان کی ترسیل ہوتی ہے اس کے لئے ہمارا ڈسٹری بیوٹرز 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 نتیجۃً مقامی صنعت میں جو ایک صلاحیت ہے اس کے تناسب سے وہ deliver نہیں کر پا رہی۔صارفین کی بڑھتی ہوئی مانگ کو پورا کرنے کے لئے مقامی صنعت کے پاس وہ تمام وسائل واسباب اور ماہرانہ صلاحیتیں موجود ہیں مگر ان کو بروئے کار لاتے ہوئے مقامی صنعت کو فروغ دینے کی بجائے چین-ملائیشیا- کوریا اور دیگر علاقائی مما لک سے درآمدات کی حوصلہ افزائی کی گئی اور وہ اس طرح مقامی مارکیٹ میں گھُس چکی ہیں جس سے مقامی صنعت کو ناکارہ کر دیا گیا اور بے جا مسابقتی ماحول نے جنم لیا ہے۔اگر مقامی صنعت کو soverign 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 نگران کی حیثیت سے اس امر کو یقینی بناتے ہیں کہ تمام کئے گئے فیصلے رسک کی نوعیت اور کمپنی کی حکمت عملی کے تحت درست اور راست ہوں۔بورڈ باقاعدہ کاروبار کو درپیش بڑے خطرات پر تازہ معلومات لیتا رہتا ہے۔سربراہ کمپنی اور سینئر مینجمنٹ بورڈ آف ڈائریکٹر کی نگرانی میں روزمرہ کے درپیش خطرات کا جائزہ لیتے ہیں۔

بورڈ آف ڈائریکٹرز مینجمنٹ کو مجموعی رسک مینجمنٹ فریم ورک کو مزید مستحکم بنانے کے لئے مشورہ دیتے رہتے ہیں اور کمپنی کی پیداوار اور فروخت سے متعلقہ رسک اور آمدنی، بیلنس، سرمایہ اور سیالیت کو درپیش انتہائی خطرات کے ممکنہ اثرات کو ایک مضبوط طریقہ کار کے تحت نپٹنے کے اقدامات پر بھی مشورہ دیتے ہیں۔

OEKO 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) OEKO-Tex(R)Standard100 کے تحت تصدیق شدہ ہیں۔

پاکستان روپے کی قیمت تبادلہ میں کمی

پاکستان روپے کی قیمت تبادلہ بہت خطرناک حد تک گر گئی ہے۔ دسمبر ۲۰۱۷ء سے اب تک امریکی ڈالر کے مقابلہ میں پاکستان روپیہ ۲۷ فیصد سے زیادہ گرا ہے اس سے درآمدات اور مہنگی ہوں گی جس کے ساتھ بڑھتی ہوئی خام مال کی قیمتوں سے ہماری پیداواری لاگت قیمت فروخت میں بہت زیادہ عدم توازن کا اندیشہ ہے۔

۱۶ جولائی ۲۰۱۸ء سے مارک اپ کے ریٹ 6.5٪ سے 7.5٪ سالانہ کر دیئے گئے ہیں جو کہ کئی سالوں کے اندر ہونے والی بڑی اضافت ہے اس سے ہماری فنانس لاگت بڑھ جائے گی۔

حال بہتر مگر آگے چیلنجز

مالی سال ۲۰۱۸ء ٹیکسٹائل سیکٹر کیلئے بہتری لایا ہے مگر ہمارے سامنے بہت سارے چیلنجز نظر آ رہے ہیں بشمول:-

(i) ڈمپنگ (ii) انڈین حکومت کی ترقیاتی حکمتِ عملی (iii) علاقائی مسابقت (iv) پانی کا بحران

حکومت کو ترجیحی بنیادوں پر دور رس نتائج میں بہتری کیلئے ان چیلنجز کا ازالہ کرنا ہوگا۔

فروخت ٹیکس کی واپسی

فروخت ٹیکس کی واپسی کی مد میں ہماری بھاری رقوم حکومت کے پاس رُکی ہوئی ہیں۔ جس کے باعث ہماری فنانس لاگت بڑھ رہی ہے تاہم GIDC کی شکل میں ایک بڑا دھچکا صنعت پر منڈلا رہا ہے۔ یہ معاملہ عدالت عالیہ لاہور کے حکم کے تحت سوئی گیس پائپ لائنز لمیٹڈ (SNGPL) کے پاس زیرِ التواء ہے۔ اس قانون کو فی الفور ختم ہونا چاہئے۔

خام مال کی قیمتیں

اِس سال ہمارے خام مال PTA اور MEG کی قیمتوں میں اضافہ کا رجحان رہا۔ PTA کی قیمت جو اگست ۲۰۱۷ء میں ۶۷۰ امریکی ڈالر فی ٹن تھی اِس سال اسی مہینہ میں ۹۲۰ امریکی ڈالر ہوگئی اور MEG کی قیمت جو مئی ۲۰۱۷ء میں ۷۲۵ امریکی ڈالر تھی اس سال مئی میں ۱۰۷۵ امریکی ڈالر ہوگئی۔

مالیاتی ایکٹ ۲۰۱۸ء میں PTA اور MEG پر اضافی کسٹم ڈیوٹی ایک فیصد سے بڑھا کر دو فیصد کر دی گئی ہے۔

سال ۲۰۱۸ء میں PSF اور PFY کی فروخت کا حجم سالِ گذشتہ کے مقابلے میں زیادہ رہا۔ اگر چہ ہماری مارکیٹنگ کی کاوشیں بکری بڑھانے میں بڑی فعال رہی ہیں مگر مارکیٹ کی مندی اور باہر سے آنے والے کپڑے کے ساتھ سخت مقابلہ کے باعث ہمارے صارفین ہم سے ایک حد سے زیادہ مال خریدنے کی حالت میں نہیں تھے۔

فروخت آمدنی اور منافع

فروخت آمدنی برائے سال ۲۰۱۸ء سالِ گذشتہ کی فروخت آمدنی ۵،۰۲۵.۴۰ ملین روپے سے بڑھ کر ۶،۰۴۴.۰۱ ملین روپے ہوگئی۔ خام منافع جو سال گذشتہ ۱۳۷.۷۰ ملین روپے تھا سے بڑھ کر ۳۶۳.۱۹ ملین روپے ہوگیا۔ آپریٹنگ خسارہ جو سالِ گذشتہ ۹.۳۸ ملین روپے تھا۔ ۲۰۱۸ء میں ۲۳۴.۶۹ ملین روپے منافع میں بدل گیا۔ فنانس لاگت سالِ گذشتہ ۱۱۳.۶۸ ملین روپے سے تھوڑی بڑھ کر ۱۱۸.۸۷ ملین روپے رہی۔ قبل از ٹیکس خسارہ سالِ گذشتہ میں ۱۲۳.۰۶ ملین روپے کی نسبت اس سال ۱۱۵.۸۲ ملین روپے منافع میں تبدیل ہوگیا اور بعد از ٹیکس خسارہ ۱۲۰.۰۸ ملین روپے سے منافع میں تبدیل ہو کر ۵۵.۶۴ ملین روپے ہوگیا۔

درخواستوں کوخارج کر دیا تھا کے باوجود کچھ درآمد کنندگان نے اینٹی ڈمپنگ ڈیوٹی کو پھر چیلنج کر دیا جن کو عدالتِ عالیہٰ پشاور نے خارج کر دیا اور ساتھ حکم جاری فرمایا کہ آئندہ اس نوعیت کے کیس عدالت میں اسی بینچ کے روبرو رکھے جائیں تاکہ متضاد فیصلوں کا احتمال نہ رہے۔

علاوہ ازیں اگست ۲۰۱۸ء میں ایک یارن مرچنٹ نے عدالتِ عالیہٰ لاہور - راولپنڈی بینچ میں درخواست دائر کی ہے جس میں عارضی حکم امتناعی دیا گیا ہے۔ کمپنی بحیثیت پارٹی اس کیس میں داخل ہوئی ہے تاکہ سابقہ عدالتی احکامات کی قوی بنیاد پر دفاع کیا جاسکے۔

ایک غلط فہمی جس کا ازالہ ضروری ہے کہ اینٹی ڈمپنگ ڈیوٹی اور آر - ڈی لگنے سے ملک کی ٹیکسٹائل برآمداد متاثر ہورہی ہیں۔ یہ تاثر مبنی برحقیقت نہیں۔ کچھ حلقے ADD اور RD کو ختم کروانے کی تگ ودو میں ہیں اور اس حقیقت کو بالکل نظرانداز کررہے ہیں کہ ADD اور RD سے تجارتی خسارہ بہت حد تک کنٹرول ہورہا ہے۔ PFY گھریلو مصنوعات میں استعمال ہوتا ہے نہ کہ برآمدی مصنوعات میں۔ سُوت کے برعکس جو کہ ۵۰ فیصد سے زیادہ برآمدی مصنوعات میں استعمال ہوتا ہے، پولیسٹر دھاگا صرف ۱۵ تا ۲۰ فیصد برآمدات میں استعمال ہوتا ہے اور دوتہائی سے زیادہ پہلے ہی DTRE کے تحت درآمد ہورہا ہے۔ لہٰذا ۵ فیصد RD برآمدات کو قطعاً متاثر نہیں کرتی چونکہ ۱۱ فیصد ڈیوٹی ادائیگی کرکے ۶۰ فیصد فلامنٹ دھاگہ درآمد ہوتا رہا ہے جو برآمد کنندگان ایکسپورٹ چھوٹ کی کوشش کرتے جو کہ نہیں ہوئی جس سے ہمارے موقف کی تائید ہوتی ہے۔

پی ایف وائی مقامی صنعت کے بذریعہ RD تحفظ سے تجارتی خسارہ کم ہوگا RD اور ADD سے پی ایف وائی کے مقامی یونٹوں نے اپنی پیداواری گنجائش کو زیادہ سے زیادہ استعمال میں لانا شروع کر دیا ہے اور بند شدہ لائنوں کو دوبارہ شروع کررہی ہیں۔ کمپنی بھی اپنے پیداواری حجم میں توسیع کررہی ہے۔ PFY کی مقامی پیداوار مقامی مانگ کو کافی حد تک پورا کرنے کیلئے ۱۱۰،۰۰۰ میٹرک ٹن تک بڑھنے کی توقع ہے اس طرح RD عائد ہونے سے مقامی پیداوار ۲۰۱۷ء میں ۶۰،۰۰۰ میٹرک ٹن سے بڑھ کر ۱۹-۲۰۱۸ میں تقریباً دوگنا ہوجائے گی۔ اگر RD برقرار رہی تو یہ حجم مزید بڑھ کر ۱۵۰،۰۰۰ میٹرک ٹن تک ہوجائے گا جو کہ مقامی ضرورت کا تقریباً ۷۵ فیصد پورا کرے گا۔ اس سے PFY کی درآمد دوتہائی یعنی ۱۴۰،۰۰۰ میٹرک ٹن سے کم ہوکر ۵۰،۰۰۰ میٹرک ٹن تک رہ جائے گی۔

یہ ایک قابل ذکر بات ہے کہ PFY پر اینٹی ڈمپنگ ڈیوٹی اگرچہ اگست ۲۰۱۷ء میں عائد ہوئی مگر عدالتوں میں مقدمات کے باعث نومبر ۲۰۱۸ء کے آغاز تک مؤثر نہ ہو سکی۔ ہاں اگر ڈیوٹی چار سال قبل عائد ہوجاتی تو Opportunity Cost جو کہ ہر مقامی پروڈیوسر پر بوجھ ہے وہ صنعت اور پاکستان کی جی ڈی پی کی توسیع و ترقی پر منتج ہوتی۔ اس نقصان کے ازالہ کیلئے باقاعدہ کسی بل کے تحت باہر سے آنے والے PFY کو ریگولیٹ کیا جانا چاہئے تاکہ مقامی صنعت جو بند پڑی ہے یا پیداواری صلاحیت سے کم استعمال ہورہی ہے کی بحالی ہوسکے۔

جیسا کہ پہلے ذکر کیا گیا چینی اور ملائیشین یارن بنانے والے ڈمپنگ میں بہت زیادہ ملوث ہیں کیونکہ PFY کی درآمد ہر ماہ اضافہ دکھا رہی ہے۔ ۵ فیصد RD (جو ۱ فیصد اضافی کسٹم ڈیوٹی کے ختم ہوجانے کے بعد ۴ فیصد ہے) اور خام مال کی قیمتوں میں اضافے کے باوجود سی اینڈ ایف قیمت جس پر PFY درآمد ہوتی ہے وہ ہر ماہ کم ہورہی ہے اور ضرورت اس امر کی ہے این ٹی سی مداخلت کرے تاکہ PFY کی مقامی صنعت کو مکمل تباہی سے بچایا جائے۔

توانائی کے بڑھتے ہوئے ٹیرف

ملک کے گیس سپلائی نیٹ ورک میں آر ایل این جی کی دستیابی نے توانائی کی قلتوں کو کافی حد تک کم کر دیا ہے تاہم بین الصوبائی گیس نرخوں میں تفاوت ہے۔ ہمیں پنجاب میں اس وقت آر ایل این جی ۱،۶۰۰ روپے فی ایم ایم بی ٹی یو مل رہی ہے جبکہ سندھ میں صنعت کیلئے ۶۰۰ روپے فی ایم ایم بی ٹی یو نرخ ہیں۔ اس بڑے فرق سے ہماری پیداواری لاگت بہت بڑھ جاتی ہے۔ حکومت کو چاہئے کہ پنجاب میں کاروبار کرنے کی لاگت کو کم کرنے کیلئے اس بے ضابطگی کو ختم کرے۔

ممبران کے لئے ڈائریکٹرز کی رپورٹ

کمپنی کے ڈائریکٹران کی جانب سے ہم آپ کو اڑتیسویں (۳۸ویں) سالانہ اجلاس میں خوش آمدید کہتے ہیں اور کمپنی کی سالانہ رپورٹ اور پڑتال شدہ حسابات برائے سال مختتمہ ۳۰ جون ۲۰۱۸ء ہمراہ آڈیٹران کی رپورٹ کے پیش کرتے ہیں۔

مالیاتی نتائج

	---روپے ہزاروں میں---
- قبل از ٹیکس منافع	۱۱۵،۸۲۲
- ٹیکس	(۵۱،۲۶۹)
-بعداز ٹیکس منافع	۶۴،۵۵۳

اختصاص اور منافع کا تصرف:

- مجوزہ مختص کیش منافع منقسمہ	۳۴،۰۶۹
-فی حصہ منافع (بنیادی اور مذید آمیزشدہ) روپے	۱.۸۹

مجموعی جائزہ

جیسا کہ مالیاتی نتائج سے ظاہر ہورہا ہے کمپنی مالی سال ۲۰۱۸ء میں آپریشنل اور انتظامی اقدامات کے باعث دوبارہ سے مستحکم ہوگئی ہے۔ چین اور ملائیشیا سے درآمد ہونے والے پولیسٹر فلامنٹ یارن (پی ایف وائی) پر اینٹی ڈمپنگ ڈیوٹی عائد ہونے سے ہماری نتائج کی نچلی لائن میں بہتری آ گئی ہے۔

کمپنی کی آپریٹنگ کارکردگی بڑے موثر انداز میں طے کردہ اہداف کے حصول کے لئے زیر نگرانی رہتی ہے۔ ہماری مصنوعات اعلیٰ معیار کے باعث صارفین کے لئے بہت جاذب نظر ہیں اور وہ درآمد کردہ PFY کے ساتھ ہمارے مال کا استعمال بہتر منافع کی خاطر زیادہ کرتے ہیں۔

کمپنی جدید سوچ کو فروغ دیتی ہے اور اس نقطۂ نظر کے تحت اپنے ماہرین کی ٹیم کے لئے مسلسل اہداف طے کئے جاتے ہیں تا کہ وہ نئے خیالات اور باہمی تعاون کے ساتھ اہداف حاصل کرسکیں۔

پی ایف وائی کی مقامی ضرورت اور مارکیٹ میں بڑھی ہوئی مانگ کے پیش نظر اور درآمدہ پی ایف وائی کے نعم البدل کے لئے ہم نے جدید مشین نصب کی ہے۔ اس توسیع پر انداز ۲۰۰ ملین روپے لاگت آئے گی۔ یہ منصوبہ اکتوبر ۲۰۱۸ء میں پیداوار میں آ جائے گا۔ اس بڑے خرچے کے باوجود کمپنی نے خام منافع کے حجم کو قائم رکھا۔ کمپنی اسی طرح اپنے اہم اثاثوں کی دیکھ بھال کی حکمت عملی کو جاری رکھے ہوئے ہے۔

درآمد کردہ پی ایف وائی

قومی کمیشن برائے ٹیرف (NTC) کی تحقیقات کے مطابق مقامی پی ایف وائی صنعت کو 25 فیصد سے زیادہ کا نقصان ہوا۔ پچھلے سال عائد کردہ اینٹی ڈمپنگ ڈیوٹی (ADD) بشرح ۲۵.۳ فیصد - ۳۵.۱۱ فیصد سے مقامی PFY اور چین اور ملائیشیا سے درآمد کردہ PFY کے نرخوں کے مابین فرق اگر چہ کچھ حد تک کم ہوا ہے مگر ۲۵ فیصد کا نقصان پورا نہیں ہورہا۔ پھر بھی پاکستان یارن مرچنٹ تنظیم عدالت ہائے عالیہٰ اور عدالتِ عظمیٰ میں ADD کے خلاف درخواستیں داخل کررہی ہیں۔

۱۲ اکتوبر ۲۰۱۷ء کو جاری ہونے والا SRO نمبر ۲۰۱۷/ (I)۱۰۳۵ جس کے تحت بہت سی درآمدی اشیاء بشمول HS52 کوڈ کے تحت یارن پر RD عائد ہوئی عدالتِ عالیہٰ سندھ نے اُسے ختم کردیا وفاقی بورڈ برائے ریوینیو نے عدالتِ عظمیٰ میں اپیل داخل کی جو کہ ایف بی آر کے حق میں نپٹادی گئی۔ جبکہ عدالتِ عالیہٰ پشاور نے اسی طرح کی

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

OEKO-TEX®
CONFIDENCE IN TEXTILES

CERTIFICATE

The company

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

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

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®, Appendix 6, **product class I** have shown that the above mentioned goods meet the human-ecological requirements of the STANDARD 100 by OEKO-TEX® presently established in Appendix 6 for baby articles.

The certified articles fulfil requirements of Annex XVII of REACH (incl. the use of azo colourants, nickel release, etc.), the American requirement regarding total content of lead in children's articles (CPSIA; with the exception of accessories made from glass) and of the Chinese standard GB 18401:2010 (labelling requirements were not verified).

The holder of the certificate, who has issued a conformity declaration according to ISO 17050-1, is under an obligation to use the STANDARD 100 by OEKO-TEX® mark only in conjunction with products that conform with the sample initially tested. The conformity is verified by audits.

The certificate 2018OK1181 is valid until 30.09.2019

Alcoy (Alicante) España, 14.09.2018

Silvia Devesa Valencia
Innovation Assistant Manager

Isabel Soriano Sarrió
Chief of Innovation Area

Notice of Meeting

Notice is hereby given that the Thirty Eighth Annual General Meeting of Rupali Polyester Limited ("the Company") will be held at Rupali House, 241-242 Upper Mall Scheme, Anand Road, Lahore on Saturday, 27 October 2018 at 9:30 a.m. to transact the following business:

Ordinary Business:

1) To confirm the minutes of Thirty Seventh Annual General Meeting of the Company held on 27 October 2017.

2) To receive, consider and adopt Annual Audited Accounts of the Company together with the Directors and Auditors Reports thereon for the year ended 30 June 2018.

3) To approve payment of final cash dividend @ 10% i.e. Re.1.00 per share for the year ended 30 June 2018 as recommended by the Board of Directors.

4) To elect eight (8) Directors of the Company as per the number fixed by the Board of Directors of the Company under Section 159 (1) of the Companies Act, 2017 for a term of three (3) years commencing from 30 October 2018.

The following are the names of retiring Directors, who are eligible for re-election:

1. Mr. Nooruddin Feerasta
2. Mr.Muhammad Rashid Zahir
3. Mr. Muhammad Ali Sayani
4. Mr. Sultan Ali Rajwany
5. Mr. Shehzad Feerasta
6. Mr. Zeeshan Feerasta
7. Mr. Abdul Hayee

5) 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:

6) (a) To approve transactions conducted with associated companies (related parties) for the year ended 30 June 2018 by passing the following special resolution:

"**RESOLVED THAT** the following transactions conducted with associated companies (related parties) for the year ended 30 June 2018 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	594,124	503,052	-
Rupali Nylon (Pvt.) Limited.	Purchase of goods and services	4,478	-	
Soneri Bank Limited	Profit on Bank deposits	-	-	919

(b) To authorize Chief Executive Officer of the Company to approve transactions with Related Parties for the year ending 30 June 2019 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 2019.

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

Other Business

7) 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:
17 September 2018

S. Ghulam Shabbir Gilani
Company Secretary

Notes:

1) Share transfer books of the Company will remain closed from 20 October 2018 to 27 October 2018 (both days inclusive) for determining the entitlement of dividend. This dividend will be paid to shareholders whose names shall be appearing in the Registrar of Members of the Company on 19 October 2018. Transfers received at the Share Registrar Office M/s. THK Associates (Pvt.) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi - 75400 before close of business on 19 October 2018 will be treated in time for the purpose of above entitlement to the transferees.

2) A member entitled to attend and vote at this meeting may appoint another member as his or her proxy to attend and vote. Proxies in order to be effective must be received at the registered office of the Company not less than 48 hours before the time of holding the meeting. Proxy Form attached.

3) Accountholders/sub-accountholders holding book entry securities of the Company in Central Depository System (CDS) of Central Depository Company of Pakistan Limited (CDC) who wish to attend the Annual General Meeting are requested to please bring their original Computerized National Identity Card (CNIC) or original passport with a photocopy duly attested by their bankers alongwith participant's I.D. number and their account number in CDS for identification purposes.

In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee together with the original proxy form duly filled in must be received at the registered office of the Company not less than 48 hours before the time of holding the meeting. The nominees shall produce their original CNIC or original passport at the time of attending the meeting for identification purpose.

4) **Election of Directors**

In accordance with Section 159(1) of the Companies Act, 2017 the Board of Directors of the Company in its meeting held on 17 September 2018 has fixed the number of Directors to be elected as eight (8).

In terms of Section 159(3) of the Companies Act, 2017, any person who seeks to contest an election to the office of Director, shall file with the Company, not later than fourteen (14) days before the date of this meeting, a notice of his/her intention to offer himself/herself for election as a Director in terms of section 159(3) of the Companies Act, 2017 together with (a) consent form-28 in terms of Section 167(1) of the Companies Act, 2017, (b) declaration with consent to act as Director in the manner as provided in the Listed Companies (Code of Corporate Governance) Regulations, 2017, with shareholding details under the Securities Act, 2015, (c) a detailed profile along with office address as required under SECP's SRO No.634(1)/2014 dated 10 July 2014 (d) a copy of his valid Computerized National Identity Card.

Independent Directors will be elected through the process of election of directors in terms of Section 159 of the Companies Act, 2017 and they shall meet the criteria laid down under Section 166(2) of the Companies Act, 2017 and the Companies (Manner and Selection of Independent Directors), Regulations 2018.

5) **Submission of copy of CNIC (Mandatory):**

In order to comply with the directives of the Securities and Exchange Commission of Pakistan (SECP) issued from time to time, the shareholders are requested to kindly send photocopy of their CNICs to us immediately at our address "Rupali House, 241-242 Upper Mall Scheme, Anand Road, Lahore-54000 or our Share Registrar M/s. THK Associates (Pvt.) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi - 75400". The shareholders who have already provided CNIC number to us need not re-submit it unless the CNIC is expired. Corporate shareholders are requested to provide their National Tax Numbers (NTN). In case of non submission of copy of CNIC, dividend warrants may be withheld.

6) **Circulation of Audited Financial Statements through email**

Members are hereby informed that the Securities and Exchange Commission of Pakistan (SECP) vide SRO No. 787(I) /2014 dated 8 September 2014 has allowed companies to circulate annual balance sheet and profit and loss account, auditors' report and directors report etc. (Audited Financial Statements) along with notice of annual general meeting (Notice) to their members through e-mail subject to compliance with the conditions outlined in the said Notification. In this regard a written notice may please be sent to us as soon as possible at our following email addresses and for convenience of the members, a standard request form has also been placed on the Company's website, www.rupaligroup.com

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) **E-Dividend**

In order to receive dividends directly into their bank accounts, shareholders are requested to fill in Dividend Mandate Request form available at Company's website www.rupaligroup.com and send it duly signed along with copy of CNIC to the Shares Registrar of the Company in case of physical shares. In case the shares are held in CDC, then the Form must be submitted directly to shareholders' broker / participant / CDC Account Services.

9) **Submission of Bank Mandate with International Bank Account Number (IBAN) for payment of Cash dividend electronically into the Bank Accounts of the shareholders (Mandatory Requirement):**

Shareholders are informed that under the provision of Section 242 of the Companies Act, 2017, Securities & Exchange Commission of Pakistan (SECP) has directed all listed companies to pay cash dividends only through electronic mode directly into the bank accounts of the shareholders. Therefore, shareholders are requested to provide their Bank Mandate details including International Bank Account Number (IBAN) alongwith a copy of valid CNIC at the earliest, if not already provided to:

1. your respective CDC Participant / CDC Investor Account Services (in case your shareholding is in book entry form) or

2. our Share Registrar, M/s. THK Associates (Pvt.) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi - 75400 (in case your shareholding is in physical form).

In case of non provision of bank mandate with IBAN Bank Account detail, cash dividend(s) will be withheld to comply with SECP directions issued vide Circular No. 18 of 2017 dated 01 August 2017 directing that all dividend payments with effect from 1 November 2017 shall be paid through electronic mode only.

10) **Filer and Non-Filer Status**

i) The Government of Pakistan through Finance Act, 2018 has made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

a) For filers of income tax return 15%
b) For non-filers of income tax return 20%

All the shareholders whose names are not entered into the Active Taxpayers List (ATL) provided on the website of FBR, despite the fact that these are filers, are advised to make sure that their names are entered into ATL.

ii) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or its

Share Registrar i.e. THK Associates (Pvt.) Ltd. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

11) Consent for the Facility of video-link

Members may participate in the meeting via video-link facility. If the Company receives a demand from members holding an aggregate 10% or more shareholding residing at a geographical location outside Lahore to participate in the meeting through video link at least 7 days prior to the date of meeting, the Company will arrange video link facility in that city.

In this regard, Members who wish to participate through video-link facility, should send a duly signed request as per the following format to the Registered Address of the Company:

I/we__________________of__________________ being a member of Rupali Polyester Limited holder of____________ordinary share(s) as per Registered Folio / CDC Account No.___________hereby opt for video link facility at___________.

____
Signature of Member

12) Shareholders are requested to notify any change in their addresses immediately.

Statement under Section 134 (3) of the Companies Act, 2017

This statement sets out the material facts concerning the special business to be transacted at the Thirty Eighth Annual General Meeting of Rupali Polyester Limited to be held on 27 October 2018.

Agenda Item No. 6 (a) – Transactions carried out with associated companies (related parties) during the year ended 30 June 2018 to be approved by way of Special Resolution

The transactions carried out in normal course of business with associated companies (related parties) were being approved by the Board of Directors as recommended by the Audit Committee on quarterly basis pursuant to Section 208 of the Companies Act, 2017 and Regulation 15 (1) of the Listed Companies (Code of Corporate Governance) Regulations, 2017.

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. 6 (b) – Authorization to Chief Executive Officer for Related Party Transactions to be carried out with associated companies during the year ending 30 June 2019 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 2019 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 2019. 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 be extent of their common directorship and shareholding in the associated companies.

Statement under Section 166 (3) of the Companies Act, 2017

This statement sets out the material facts relating to justification for choosing the appointees for appointment as independent directors.

In compliance with Section 166(3) of the Companies Act, 2017, consent papers will be accepted from those persons who are in compliance with Section 166(2) of the Companies Act, 2017

Engagement with Investors and Shareholders

We are continuously exploring new opportunities to create further value for the benefits of our shareholders and investors.

Being a highly significant Company, we enforce the importance of satisfying our investors by employing the following techniques:

Activity	Description	Frequency
Annual General	The Company convenes AGM in accordance with the Companies Act, 2017. The AGM serves as an interactive platform to engage with the shareholders and listen to their views and valuable suggestions.	Annual
Quarterly, Half-yearly and Annual Reports	The Company, in compliance with applicable laws, periodically uploads its quarterly, half-yearly and annual reports on its website. These reports are sent to its shareholders in printed form. The Company being, listed, also communicates its results to Pakistan Stock Exchange Limited.	Quarterly
Price Sensitive Information	The Company updates its shareholders about price sensitive information through Pakistan Stock Exchange Limited.	As and when required

We believe in strict compliance of applicable laws and regulations and have an open door policy towards all regulators. To remain compliant, we promptly and regularly file all applicable statutory returns and forms with regulators.

Statement of Compliance

with the Listed Companies (Code of Corporate Governance) Regulations, 2017

Name of Company - Rupali Polyester Limited
Year Ended - 30 June 2018

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

1. The total number of directors are seven (7) as per the following:

   a. Male: 7
   b. Female: 0

2. The composition of board is as follows

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

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company.

4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations. This will be further reviewed by the new board being elected in forthcoming annual general meeting.

9. The Board shall arrange Directors' Training program as per the Regulations after election of the directors in forthcoming annual general meeting.

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. CFO and CEO duly endorsed the financial statements before approval of the board.

12. The board has formed committees comprising of members given below:

a) **Audit Committee:**

1.	Mr. Sultan Ali Rajwany	Chairman
2.	Mr. Muhammad Rashid Zahir	Member
3.	Mr. Zeeshan Feerasta	Member

b) **HR and Remuneration Committee:**

1.	Mr. Sultan Ali Rajwany	Chairman
2.	Mr. Nooruddin Feerasta	Member
3.	Mr. Zeeshan Feerasta	Member

c) **Nomination Committee (not applicable)**
d) **Risk Management Committee (not applicable).**

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:

a) Audit Committee, quarterly (or more if required to convene)
b) HR and Remuneration Committee, quarterly (or more if required to convene)

15. The board has set up an effective internal audit function. The head of audit and other audit staff are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with / to be complied with as per timeline given in the Regulations.

For and on behalf of the Board of Directors

Nooruddin Feerasta
Chairman

Lahore: 17 September 2018

Independent Auditors' Review Report

to the Members on Statement of Compliance contained in the Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of **RUPALI POLYESTER LIMITED** (the Company) for the year ended 30 June 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Director's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2018.

Further, we highlight the status of compliance as mentioned in the paragraph 18 of the Statement of Compliance, which shall be complied with subsequent to the year end.

Qavi & Co.

Lahore
Dated: 17 September 2018

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

Independent Auditors' Report to the Members

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of RUPALI POLYESTER LIMITED (the Company), which comprise the statement of financial position as at June 30, 2018, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2018 and of the profit or loss and other comprehensive income or loss, 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 Matter

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 is the key audit matter.

(i) First time application of third and fourth schedules to the Companies Act, 2017.

As part of the transition to the requirements of the said third and fourth schedules, the management performed a gap analysis to identify differences between the previous reporting framework and the current reporting framework and as a result assessed the amendments relating to disclosures required in the Company's financial statements.

Our audit procedures among others, included the following:

- Considering the management's process to identify the necessary amendments required in the Company's financial statements.

- Evaluating the results of management's analysis and key decisions taken in respect of the transition, using our knowledge of the relevant requirements of the third and fourth schedules to the Companies Act, 2017 and our understanding of the Company's operations and business.

- Assessing the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures made in the annexed financial statements based on the new requirements.

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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements
Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss and 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) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

Qavi & Co.

Lahore
Dated: 17 September 2018

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

Financial Statements

for the year ended 30 June 2018

Statement of Financial Position
as at 30 June 2018

Rupees in thousand	Note	2018	2017
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	3,201,449	2,971,353
Investment property	8	437,500	400,000
Long-term deposits	9	4,396	4,396
		3,643,345	3,375,749
CURRENT ASSETS			
Stores, spares and loose tools	10	879,235	872,357
Stock-in-trade	11	824,593	725,481
Trade debts	12	12,698	1,461
Loans and advances	13	24,039	30,449
Trade deposits and short-term prepayments	14	265	1,161
Other receivables	15	365,813	479,639
Taxation - net	16	131,274	179,754
Cash and bank balances	17	14,482	62,920
		2,252,399	2,353,222
		5,895,744	5,728,971
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
35,000,000 (2017: 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	341,886	277,333
Surplus on revaluation of freehold land	20	1,719,056	1,719,056
		2,401,627	2,337,074
		2,401,627	2,337,074
NON-CURRENT LIABILITIES			
Long-term financing	21	143,179	183,879
Staff retirement benefits	22	152,458	138,587
Deferred taxation - net	23	257,962	267,438
Liabilities against assets subject to finance lease	24	985	2,272
		554,584	592,176
CURRENT LIABILITIES			
Trade and other payables	25	690,140	869,221
Short-term borrowings	26	2,146,943	1,839,800
Accrued mark-up		28,558	27,287
Unclaimed dividend		1,111	1,111
Current portion of long-term borrowings	27	72,781	62,302
		2,939,533	2,799,721
CONTINGENCIES AND COMMITMENTS	28		
		5,895,744	5,728,971

The annexed notes 1 to 46 form an integral part of these financial statements.

Nooruddin Feerasta
Chief Executive Officer

Shehzad Feerasta
Director

Amjad Rahil
Chief Financial Officer

Statement of Profit and Loss
for the year ended 30 June 2018

Rupees in thousand	Note	2018	2017
Sales	29	6,044,111	5,025,401
Cost of sales	30	(5,680,917)	(4,887,698)
Gross profit		363,194	137,703
Selling and distribution expenses	31	(17,632)	(12,726)
Administrative and general expenses	32	(162,885)	(153,625)
Other expenses	33	(33,638)	(9,300)
Other income	34	85,649	28,564
Operating profit/(loss)		234,689	(9,384)
Finance cost	35	(118,867)	(113,680)
Profit/(loss) before taxation		115,822	(123,064)
(Provision for) / Reversal of taxation	36	(51,269)	2,981
Profit/(loss) after taxation		64,553	(120,083)

(Rupees)			
Earnings / (loss) per share - basic and diluted	37	1.89	(3.52)

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

The annexed notes 1 to 46 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 2018

Rupees in thousand	Note	2018	2017
Profit / (loss) after taxation		64,553	(120,083)
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
- Remeasurement loss on defined benefit obligation	22	-	(1,871)
- Deferred tax credit relating to remeasurement of defined benefit obligation		-	561
Items that may be reclassified subsequently to profit or loss:			
- Surplus on revaluation of freehold land	7.1	-	1,425,668
Other comprehensive income for the year		-	1,424,358
Total comprehensive income		64,553	1,304,275

The annexed notes 1 to 46 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 2018

Rupees in thousand	Note	2018	2017
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	38	196,365	(26,133)
Finance costs paid		(117,596)	(111,193)
Income tax paid		(12,265)	(11,017)
Staff retirement benefits paid		(11,498)	(10,248)
Profit / Mark-up received		919	934
Net Cash inflow / (outflow) from operating activities		55,925	(157,657)
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure		(380,126)	(64,614)
Proceeds from disposal of property, plant and equipment		-	174
Long-term deposits		-	(35)
Net cash outflow from investing activities		(380,126)	(64,475)
CASH FLOW FROM FINANCING ACTIVITIES			
Long-term financing		(40,700)	(61,293)
Liabilities against assets subject to finance lease		9,192	(1,026)
Net cash (outflow) / inflow from financing activities		(31,508)	(62,319)
Net decrease in cash and cash equivalents		(355,709)	(284,451)
Cash and cash equivalents at the beginning of the year		(1,776,880)	(1,492,429)
Effect of exchange rate fluctuations		128	-
Cash and cash equivalents at the end of the year		(2,132,461)	(1,776,880)
Cash and cash equivalents			
Cash and bank balances	17	14,482	62,920
Short-term borrowings	26	(2,146,943)	(1,839,800)
		(2,132,461)	(1,776,880)

The annexed notes 1 to 46 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 2018

(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 2016	340,685	71,490	1,664,125	(1,336,889)	293,388	1,032,799
Total Comprehensive loss						
- Loss for the year ended 30 June 2017	-	-	-	(120,083)	-	(120,083)
- Other comprehensive income for the year ended 30 June 2017	-	-	-	(1,310)	1,425,668	1,424,358
	-	-	-	(121,393)	1,425,668	1,304,275
Balance as on 30 June 2017	340,685	71,490	1,664,125	(1,458,282)	1,719,056	2,337,074
Balance as on 01 July 2017	340,685	71,490	1,664,125	(1,458,282)	1,719,056	2,337,074
Total Comprehensive income						
- Profit for the year ended 30 June 2018	-	-	-	64,553	-	64,553
- Other comprehensive income for the year ended 30 June 2018	-	-	-	-	-	-
	-	-	-	64,553	-	64,553
Balance as on 30 June 2018	340,685	71,490	1,664,125	(1,393,729)	1,719,056	2,401,627

The annexed notes 1 to 46 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 2018

1 Legal status and nature of business

RUPALI POLYESTER LIMITED ("the Company") was incorporated in Pakistan on 24 May 1980 as a Public Limited Company and is quoted on the Pakistan Stock Exchange Limited. The registered office of the Company is situated at 241-242 Upper Mall Scheme, Anand Road, Lahore and the factory is situated at 30.2 Kilometer Lahore - Sheikhupura Road, Sheikhupura. The Company is principally engaged in the manufacture and sale of polyester products.

2 Significant transactions and events affecting the Company's financial position and performance

All significant transactions and events that have affected the Company's statement of financial position and performance have been discussed below and adequately disclosed in the notes to these financial statements, where ever necessary.

a) The Exchange rate of USD to PKR has increased from PKR 104.86 as at 30 June 2018 to PKR 121.73 as at 30 June 2018;

b) Due to applicability of the Companies Act, 2017 to the financial statements of the Company, amounts reported for the previous period have been reclassified. For detailed information please refer to note 4.1 and note 6; and

c) For a detailed discussion about the Company's performance please refer to the director's report.

3 Significant accounting information and policies

3.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and the reporting standards applicable in Pakistan Comprises of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and the directives issued under the Companies Act, 2017

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 Basis of measurement

These financial statements have been prepared under the historical cost convention unless otherwise specifically stated.

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

4.1 Amendments to approved accounting standards and interpretations which are effective during the year ended June 30, 2018

The third and fourth schedule to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of these financial statements. The Companies Act, 2017 (including its third and fourth schedule) forms an integral part of the statutory financial reporting framework applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements.

The other amendments to published standards and interpretations that were mandatory for the Company's financial year ended June 30, 2018 are considered not to be relevant or to have any significant effect on the Company's financial reporting and therefore not disclosed in these financial statements.

Notes to the Financial Statements
for the year ended 30 June 2018

4.2 New standards, amendments to approved accounting standards and interpretations that are effective for the Company's accounting periods beginning on or after July 1, 2018

There are certain new standards, amendments to the approved accounting standards and interpretations that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2018.

However, these amendments and interpretations will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these financial statements. Further during the current year the Securities and Exchange Commission of Pakistan (the SECP) has adopted IFRS 9 'Financial Instruments', IFRS 15 'Revenue from Customers' and IFRS 16 'Leases'. IFRS 9 and IFRS 15 are applicable for the Company's financial reporting period beginning on July 1, 2018 while IFRS 16 is applicable for the reporting period beginning on July 1, 2019. At present, the impacts of application of these IFRSs on the Company's future financial statements are being assessed. Further, IFRS 17 'Insurance contracts' is yet to be adopted by the SECP.

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 and note 6 to these financial statements.

5.1 Property, plant and equipment

5.1.1 Operating fixed assets

These are stated at cost less accumulated depreciation less accumulated impairment losses, if any, except for freehold land and leasehold land which are stated at revalued amount.

Depreciation on operating fixed assets is calculated on reducing balance method. Full month's depreciation is charged in the month of addition, whereas no depreciation is charged in the month of disposal or deletion of assets. Rates of depreciation, which are disclosed in note 7, are determined to allocate the cost of an asset less estimated residual value, if significant, over its useful life.

The assets' residual values and useful lives are reviewed, and adjusted if significant, at each reporting date.

Disposal of assets is recognised when significant risks and reward incidental to the ownership have been transferred to buyers. Gains / losses on disposal of assets are recognised in income / expense in the year of disposal.

Increases in the carrying amounts arising on revaluation of land and buildings are recognised, net of tax, in other comprehensive income and accumulated in revaluation surplus in 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. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from revaluation surplus on property, plant and equipment to unappropriated profit.

Normal repairs and maintenance costs are charged to the profit and loss account as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Notes to the Financial Statements
for the year ended 30 June 2018

5.1.2 Capital work-in-progress

Capital work-in-progress is stated at cost and consists of expenditure incurred, advances made and other directly attributable costs in respect of operating fixed assets in the course of their construction and installation. Transfers are made to relevant operating fixed assets category as and when assets are available for use.

5.2 Impairment

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment loss. If any such indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognized for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less costs to sell and value in use. Impairment losses are charged to profit and loss.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

5.3 Investment property

Property held to earn rentals or for capital appreciation or for both is classified as investment property. Investment property comprises freehold land and buildings. Investment property is carried at fair value.

Investment property of the Company is valued by independent professionally qualified valuers. The fair value of investment property (in accordance with IFRS 13) reflects, among other things, rental income from current leases and other assumptions that market participants would use when pricing investment property under current market conditions. The fair value of the investment property is based on professional assessment of the price that would be received to sell the property in an orderly transaction between market participants at the measurement date.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference between the carrying amount and fair value of this item at the date of transfer is recognised in equity as a revaluation reserve for investment property. However, if fair value gain reverses a previous impairment loss, the gain is recognised in the profit and loss account. Upon the disposal of such investment property, any surplus previously recorded in equity is transferred to retained earnings, the transfer is not made through profit and loss account.

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

5.4 Financial instruments

5.4.1 Financial assets

The Company classifies its financial assets in the following categories:
- at fair value through profit or loss;
- loans and receivables;
- available for sale; and
- held to maturity.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

Notes to the Financial Statements
for the year ended 30 June 2018

a) At fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the reporting date, which are classified as non-current assets. Loans and receivables comprise advances, deposits and other receivables and cash and cash equivalents in the balance sheet.

c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose off the investments within twelve months from the reporting date.

d) Held to maturity

Financial assets with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity are classified as held to maturity and are stated at amortised cost.

All financial assets are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognised on trade-date – the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not 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 are expensed in the profit and loss account. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest rate method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the profit and loss account in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit and loss account as part of other income when the Company's right to receive payments is established.

Changes in the fair value of securities classified as available-for-sale are recognised in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the profit and loss account as gains and losses from investment securities. Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit and loss account. Dividends on available-for-sale equity instruments are recognised in the profit and loss account when the Company's right to receive payments is established.

The fair values of quoted investments are based on current prices. If the market for a financial asset is not active (and for unlisted securities), the Company measures the investments at cost less impairment in value, if any.

Notes to the Financial Statements
for the year ended 30 June 2018

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is removed from equity and recognised in the profit and loss account. Impairment losses recognised in the profit and loss account on equity instruments are not reversed through the profit and loss account.

5.4.2 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit and loss account.

5.4.3 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

5.5 Advances, deposits and prepayments

These are stated at cost which represents the fair value of consideration given.

5.6 Stores, spares and loose tools

Stores, spares and loose tools are valued at lower of moving average cost and net realizable value. Items-in-transit are valued at cost comprising invoice value plus Other expenses paid thereon. Provision is made for slow moving and obsolete items.

5.7 Stock-in-trade

Stock-in-trade, except for those in transit, are valued at lower of weighted average cost and net realizable value. Items-in-transit are valued at cost comprising invoice value plus Other expenses paid thereon. Cost of work-in-process and finished goods comprises direct material, labour and appropriate manufacturing overheads.

Provision is made for slow moving and obsolete items.

Net realizable value signifies the estimated selling price in the ordinary course of business less cost of completion and costs necessarily to be incurred in order to make a sale.

5.8 Trade debts and other receivables

Trade debts and other receivables are stated at original invoice amount less provision for doubtful debts, if any. Provision for doubtful debt / receivables is based on the management's assessment of customers' outstanding balances and credit worthiness. Bad debts are written-off when identified.

Other receivables and receivables from related parties are recognized and carried at cost.

5.9 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise short-term borrowings, cash in hand and cash with banks in current and saving accounts.

Notes to the Financial Statements
for the year ended 30 June 2018

5.10 Staff retirement benefits

5.10.1 Defined benefit plan - Gratuity

The Company operates an Unfunded Defined Benefit Gratuity Scheme for all its permanent employees who attain the minimum qualification period for entitlement to gratuity. The provision is made on the basis of actuarial recommendation to cover the obligation under the scheme for all employees eligible to gratuity benefits. The Company conducts actuarial valuation after every two years and the latest actuarial valuation being carried out at 30 June 2017 (refer note 21).

5.10.2 Defined contribution plan - Provident fund

The Company operates an approved provident fund scheme which covers all permanent employees. Equal monthly contributions are made by the Company and employees. Contribution is made by the Company at the rate of 8.33 % of basic salary.

5.11 Taxation

5.11.1 Current

Provision for current taxation is based on taxable income at the enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for the current tax also includes adjustments to charge for prior years, if any.

5.11.2 Deferred

Deferred tax is provided in full using the balance sheet liability method on all temporary differences arising at the reporting date, between the tax bases of assets and the liabilities and their carrying amounts. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which these can be utilised.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. In this regard, the effects on the deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirement of Accounting Technical Release - 27 of the Institute of Chartered Accountants of Pakistan. Deferred tax is charged or credited to income.

Deferred tax relating to items recognised outside profit and loss account is recognised outside profit and loss account. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

5.12 Compensated absences

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

5.13 Trade and other payables

Liabilities for trade and other amounts payable are recognized and carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

5.14 Provisions

A provision is recognized in the balance sheet when the Company has a present legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting future cash flows and appropriate discount rate wherever required. Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

Notes to the Financial Statements
for the year ended 30 June 2018

5.15 Borrowings and borrowing cost

Borrowings are recorded at the proceeds received. Financial charges are accounted for on an accrual basis and are disclosed as 'Mark-up Accrued' to the extent of the amount remaining unpaid.

All mark-up, interest and Other expenses on long-term and short-term borrowings are charged to profit in the period in which they are incurred.

Borrowing cost directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets, until such time as the assets are ready for their intended use.

5.16 Revenue recognition

Revenue from sales is recognized on dispatch of goods to customers and in case of export when the goods are shipped.

Revenue on bank deposits is recognized on a time proportion basis on the principal amount outstanding and at the rate applicable.

Dividend income, if any, on equity investments is recognized as income when the right of receipt is established.

5.17 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.

5.18 Transaction with related party

All transactions with related parties are entered into at arm;s length basis as disclosed in note 41 (as defined in Companies Act, 2017)

5.19 Foreign currency transactions and translation

a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account.

6 Change in accounting policy

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

Following the application of IAS 16, the Company's accounting policy for surplus on revaluation of land and building stands amended as follows:

Notes to the Financial Statements
for the year ended 30 June 2018

Increases in the carrying amounts arising on revaluation of land and buildings are recognised, net of tax, in other comprehensive income and accumulated in revaluation surplus in 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. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from revaluation surplus on property, plant and equipment to unappropriated profit.

7 Property, plant and equipment

	Note	2018	2017
		(Rupees '000)	(Rupees '000)
Operating fixed assets	7.1	2,967,430	2,963,381
Capital work -in- progress	7.3	234,019	7,972
		3,201,449	2,971,353

7.1 Operating fixed assets

Rupees in thousand

	Owned Assets											Assets subject to finance lease		Total
	Freehold Land	Building: Factory on freehold land	Building: Office on freehold land	Office on leased land	Roads	Plant & machinery	Furniture & fittings	Vehicles	Office equipment	Other assets	Sub-total	Vehicles	Sub-total	
Net carrying value basis														
Year ended 30 June 2018														
Opening net book value (NBV)	1,446,840	66,609	13,634	139,621	1,606	1,225,193	9,110	27,560	25,661	2,381	2,958,215	5,166	5,166	2,963,381
Additions (at cost)	-	1,393	-	-	103	150,721	16	-	1,751	95	154,079	-	-	154,079
Disposals / write offs:														
- Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation Charge	-	(6,746)	(682)	(6,980)	(85)	(125,198)	(912)	(5,724)	(2,639)	(244)	(149,210)	(820)	(820)	(150,030)
Closing net book value (NBV)	1,446,840	61,256	12,952	132,641	1,624	1,250,716	8,214	21,836	24,773	2,232	2,963,084	4,346	4,346	2,967,430
Gross carrying value basis														
As at 30 June 2018														
Cost	1,446,840	248,347	25,418	221,708	5,212	3,633,330	30,458	44,324	84,844	7,344	5,747,825	6,456	6,456	5,754,281
Accumulated depreciation	-	(187,091)	(12,466)	(89,067)	(3,588)	(2,382,614)	(22,244)	(22,488)	(60,071)	(5,112)	(2,784,741)	(2,110)	(2,110)	(2,786,851)
Net book value (NBV)	1,446,840	61,256	12,952	132,641	1,624	1,250,716	8,214	21,836	24,773	2,232	2,963,084	4,346	4,346	2,967,430
Depreciation rate p.a. (%)	-	10	5	5	5	10	10	20	10	10	-	20	-	-
Net carrying value basis														
Year ended 30 June 2017														
Opening net book value (NBV)	21,172	73,314	14,184	146,970	1,410	1,293,987	9,908	12,580	23,704	2,263	1,599,492	6,191	6,191	1,605,683
Additions (at cost)	-	652	160	-	271	63,171	212	19,319	4,783	360	88,928	-	-	88,928
Surplus on revaluation	1,425,668	-	-	-	-	-	-	-	-	-	1,425,668	-	-	1,425,668
Disposals / write offs:	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Cost									(432)		(432)		-	(432)
- Accumulated depreciation	-	-	-	-	-	-	-	-	258	-	258	-	-	258
	-	-	-	-	-	-	-	-	(174)	-	(174)	-	-	(174)
Depreciation Charge	-	(7,357)	(710)	(7,349)	(75)	(131,965)	(1,010)	(4,339)	(2,652)	(242)	(155,699)	(1,025)	(1,025)	(156,724)
Closing net book value (NBV)	1,446,840	66,609	13,634	139,621	1,606	1,225,193	9,110	27,560	25,661	2,381	1,532,547	5,166	5,166	2,963,381
Gross carrying value basis														
As at 30 June 2017														
Cost	1,446,840	246,954	25,418	221,708	5,109	3,482,609	30,442	44,324	83,093	7,249	5,593,746	6,456	6,456	5,600,202
Accumulated depreciation	-	(180,345)	(11,784)	(82,087)	(3,503)	(2,257,416)	(21,332)	(16,764)	(57,432)	(4,868)	(2,635,531)	(1,290)	(1,290)	(2,636,821)
Net book value (NBV)	1,446,840	66,609	13,634	139,621	1,606	1,225,193	9,110	27,560	25,661	2,381	2,958,215	5,166	5,166	2,963,381
Depreciation rate p.a. (%)	-	10	5	5	5	10	10	20	10	10	-	20	-	-

7.2 The depreciation charge has been allocated as follows:

	Note	2018	2017
		(Rupees '000)	(Rupees '000)
Cost of sale	30	132,273	139,639
Selling and distribution expenses	31	888	854
Administrative and general expenses	32	16,869	16,231
		150,030	156,724

Notes to the Financial Statements
as at 30 June 2018

(Rupees in thousand)	Note	2018	2017
7.3 Capital work-in-progress			
Civil works		37,338	4,385
Plant and machinery		191,184	2,647
Vehicles		2	-
Office equipment		2,594	732
Furniture and fixture		2,901	208
		234,019	7,972
8 Investment property			
Fair value at the beginning of the year		400,000	400,000
Fair value gain during the year	8.1	37,500	-
Fair value at the end of the year		437,500	400,000

8.1 The fair value of investment property was determined at 25 February 2018 by an independent valuer having relevant professional qualifications. The fair value was determined on the basis of professional assessment of the price that would be received to sell the property in an orderly transaction between market participants at the measurement date. The forced sale vale as at 30 June 2018 amount to Rs: 371.875 million.

(Rupees in thousand)	Note	2018	2017
9 Long-term deposits			
Security deposits		4,396	4,396
		4,396	4,396
10 Stores, spares and loose tools			
Stores -			
- In hand		106,581	102,054
Spares -			
- In hand		764,812	740,638
- In transit		1,245	23,088
		766,057	763,726
Loose tools -			
- In hand		6,597	6,577
		879,235	872,357
11 Stock-in-trade			
Raw and packing materials -			
- In hand		456,789	373,231
- In transit		77,588	7,855
		534,377	381,086
Work-in-process		45,180	29,981
Finished goods	11.1	245,036	314,414
		824,593	725,481

11.1 Finished goods of Rs. 0.635 million (2017: 13.490 million) are being carried at net realisable value and an amount of Rs. 0.740 million (2017: 1.787 million) has been charged to cost of sales.

Notes to the Financial Statements
as at 30 June 2018

	(Rupees in thousand)	Note	2018	2017
12	**Trade debts**			
	Considered good - Unsecured		12,698	1,461
			12,698	1,461
13	**Loans and advances - Considered good**			
	Loans due from -			
	- Non-Executives	13.1	1,980	1,969
	Advances due from -			
	- Staff against expenses		324	837
	- Suppliers and contractors		21,735	27,643
			22,059	28,480
			24,039	30,449

13.1 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. These loans carry mark-up at the rate of 14.00% (2017: 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. 2.638 million (2017: Rs. 1.969 million). The chief executive officer and directors have not taken any loan or advance from the Company.

	(Rupees in thousand)	Note	2018	2017
14	**Trade deposits and short-term prepayments**			
	Deposits - Considered good			
	Margin on bank guarantees		265	265
	Prepayments - Considered good			
	Prepaid insurance		-	727
	Other prepayments		-	169
			265	1,161
15	**Other Receivables**			
	Considered good			
	Due from related parties	15.1	41,958	41,975
	Insurance claim receivable		15	729
	Sales tax refundable		304,500	416,444
	Others		2,641	3,756
			349,114	462,904
	Considered doubtful			
	Sales tax refundable		28,497	28,513
	Less: Provision for doubtful receivables	15.4	(26,805)	(26,821)
			1,692	1,692
	Others		15,007	15,043
			365,813	479,639

15.1 Maximum amount due from associated companies at the end of any month during the year was Rs. 41.577 million (2017: Rs. 41.975 million). The amount due from associated companies are in the normal course of business and are interest free.

Notes to the Financial Statements
as at 30 June 2018

(Rupees in thousand)	2018	2017
15.2 Other receivables due from related parties include the following:		
Spintex Limited	41,910	41,943
Rupafil Limited	17	1
Rupafil PowerGen (Pvt.) Limited	31	31
	41,958	41,975
15.3 The aging analysis of other receivable due from associated companies is as follows:		
Upto 1 month	448	434
1 to 6 months	-	-
More than 6 months	41,510	41,527
	41,958	41,961

15.4 This includes provision for doubtful receivable amounting to Rs. 24.204 million (2017: Rs. 24.204 million), which has been created towards payments made under protest to Sales Tax Department to avail amnesty offered vide SRO 575 (I) / 1998 dated 12.06.1998 and SRO 679 (I) / 1999 dated 12/06/1999.

(Rupees in thousand)	Note	2018	2017
16 Taxation - net			
Opening Balance		179,754	177,304
Tax payments / adjustments during the year - net of refund		11,999	46,387
		191,753	223,691
Provision for taxation	36	(60,479)	(43,937)
		131,274	179,754

The income tax assessment of the company has been finalized up to Tax Year 2017 (accounting year ended 30 June 2017). Return for the tax year 2017 has been duly filed.

	Note	2018	2017
17 Cash and bank balances			
Balance with banks			
- Current accounts		9,881	307
- PLS Accounts			
- Local currency	17.1	219	58,298
- Foreign currency	17.2	22	19
		10,122	58,624
Cash in hand			
- Local currency		3,896	3,966
- Foreign currency		464	330
		4,360	4,296
		14,482	62,920

17.1 The balances in PLS accounts carry mark-up rate ranging between 3.40 to 6.30% (2017: 4.00% to 7.50%) for local currency and nil (2017: nil) for foreign currency.

17.2 Cash at banks in PLS accounts include US $ 181.12 (2017: US $ 181.12).

Notes to the Financial Statements
as at 30 June 2018

(Rupees in thousand)	Note	2018	2017

18 Issued, subscribed and paid-up capital

2018 Ordinary shares of Rs. 10 each	2017 Ordinary shares of Rs. 10 each		2018	2017
9,690,900	9,690,900	- Shares allotted for consideration paid in cash	96,909	96,909
19,933,895	19,933,895	- Shares issued against non-repatriable investment	199,339	199,339
4,443,719	4,443,719	- Shares allotted as bonus shares	44,437	44,437
34,068,514	34,068,514		340,685	340,685

19 Reserves

	Note	2018	2017
Capital reserve			
- Share premium	19.1	71,490	71,490
Revenue reserves			
- General reserve		1,664,125	1,664,125
- Accumulated loss		(1,393,729)	(1,458,282)
		270,396	205,843
		341,886	277,333

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

19.2 Shares held by related parties of the Company

Name of shareholders	---- Number of shares ----	
Mr. Nooruddin Feerasta	500	500
Mr. Muhammad Rashid Zahir	500	500
Mr. Muhammad Ali Sayani	488,010	488,010
Mr. Sultan Ali Rajwany	21345	21345
Mr. Shehzad Feerasta	490	490
Mr. Zeeshan Feerasta	10	10
Mr. Abdul Hayee	1150	1150

20 Surplus on revaluation of freehold land

During the year ended 30 June 2017, the Company carried out revaluation of one of its freehold land which represents an area measuring nine hundred and sixty four kanals situated at Sheikhupura Road, Lahore. M/s Hamid Mukhtar & Co. (Pvt.) Limited carried out the valuation exercise, based on their assessment and prevailing market conditions of real estate in that area. They were of the opinion that fair market rate of the plot was assessed to be Rs. 1.5 million per kanal at that date with forced sales value of Rs: 1.20 million per kannal.

Notes to the Financial Statements
as at 30 June 2018

(Rupees in thousand)	Note	2018	2017
21 Long-term financing			
From banking companies - secured			
- Utilized under mark-up arrangement	21.1	214,769	245,172
Current portion shown under current liabilities	27	(71,590)	(61,293)
Non-current portion		143,179	183,879

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 fixed assets aggregating to Rs. 667 million, lien over import documents and promissory note of Rs. 975 million and carries a mark-up of 6 month KIBOR + 0.5% to be reset on biannual basis. The loan was repayable in 10 half yearly instalments and six instalments are outstanding as at the end of the reporting period.

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 2017, using the Projected Unit Credit Method.

22.1.1 Principal actuarial assumptions

Following are a few important actuarial assumptions used in valuation:

	2018	2017
Discount rate (%) per annum	7.25	7.25
Expected rate of salary increase in future years (%) per annum	6.25	6.25
Average expected remaining working life time of employees (years)	7	7
Average duration of liability (years)	6	6

The gratuity scheme exposes the Company to the following risks:

a) Mortality risk

The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service / age distribution and the benefit

b) Investment risks

The Company is not managing any plan asset

c) Final salary risks

The risk that the final salary at the time of cessation of service is higher than what was assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

d) Risk of insufficiency of assets

The Company is exposed to risk of insuffency of funds at the time of payment.

e) Withdrawl risk

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

Notes to the Financial Statements
as at 30 June 2018

(Rupees in thousand)	Note	2018	2017
22.1.2 The amount recognised in the balance sheet			
Present value of defined benefit obligation	22.1.3	152,458	138,587
Less: fair value of plan assets		-	-
Defined benefit liability at the end of the year		152,458	138,587
22.1.3 Reconciliation of present value of defined benefit obligation			
Present value at the beginning of the year		138,587	121,043
Charge for the year - Profit and loss account	22.1.4	25,369	25,921
Charge for the year - Other comprehensive income	22.1.5	-	1,871
Benefits paid during the year		(11,498)	(10,248)
Present value at the end of the year		152,458	138,587
22.1.4 Amount chargeable to profit or loss for the year			
Current service cost		15,946	15,488
Net interest cost		9,423	10,433
		25,369	25,921
22.1.5 Remeasurement of net defined benefit liability			
Actuarial losses due to changes in demographic assumptions		-	-
Actuarial losses due to experience assumptions		-	1,871
		-	1,871
22.1.6 Charge for the year has been allocated as follows:			
Cost of sales	30	16,647	17,009
Selling and distribution expenses	31	436	446
Administrative and general expenses	32	8,286	8,466
		25,369	25,921

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.

(Rupees in thousand)	Effect of 1% increase	Effect of 1% decrease
Present value in case of discount rate	142,883	163,565
Present value in case of future salary growth	163,565	142,714

The above sensitivity analysis are based on the changes in assumptions while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of defined benefit obligation to significant assumptions the same method (Projected Unit Credit Method) has been applied when calculating the liability recognised within the balance sheet.

Notes to the Financial Statements
as at 30 June 2018

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. 25.662 million (2017: Rs. 26.07)

22.2.2 As intimated by the Trustees, the cost of investments made at the year end was Rs. 25.287 million (2017: Rs. 25.769 million), 98.54% of the total fund size (2017: 98.82%). 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.

	(Rupees in thousand)	Note	2018	2017
23	**Deferred taxation - net**			
	Deferred tax liability on taxable temporary differences			
	- Accelerated tax depreciation allowance		258,592	268,983
	Deferred tax asset on deductible temporary differences			
	- Defined benefit obligation		-	(561)
	- Liabilities against assets subject to finance lease		(630)	(984)
			257,962	267,438

23.1 The applicable income tax rate for subsequent years beyond Tax Year 2018 was reduced to 29% on account of changes made Income Tax Ordinance, 2001 through Finance Act, 2018. Deferred tax, therefore, is computed at the rate of 29% applicable to the period when temporary differences are expected to be reversed / utilised.

		Note	2018	2017
24	**Liabilities against assets subject to finance lease**			
	Minimum lease payments			
	- payable within one year		1,313	1,205
	- payable after one year but before five years		1,020	2,445
			2,333	3,650
	Future financial charges			
	- payable within one year		122	196
	- payable after one year but before five years		35	173
			157	369
	Present value of minimum lease payments			
	- payable within one year		1,191	1,009
	- payable after one year but before five years		985	2,272
			2,176	3,281
	Current portion shown under current liabilities	27	(1,191)	(1,009)
	Non-current portion		985	2,272

Notes to the Financial Statements
as at 30 June 2018

24.1 Future minimum lease payments have been discounted at implicit interest rates ranging from of 7.40% to 7.48 % (2017: 7.50% to 11.50%) per annum to arrive at their present values. Rentals are payable in advance in monthly installments. Taxes, repairs, replacements and insurance costs are to be borne by the Company. The lease contains a bargain purchase option exercisable at the end of lease and it is reasonably certain than the Company will exercise this option at maturity.

	(Rupees in thousand)	Note	2018	2017
25	**Trade and other payables**			
	Creditors		588,082	776,767
	Accrued liabilities		73,210	69,989
	Advances from customers		8,261	12,633
	Retention money		2,322	489
	Payable to provident fund		338	307
	Income tax deducted at source		201	437
	Workers' profit participation fund	25.1	13,731	7,508
	Workers' welfare fund		2,415	-
	Other payables		1,580	1,091
			690,140	869,221
25.1	**Workers' profit participation fund**			
	Balance at the beginning of the year		7,508	7,508
	Add: Allocation for the year		6,223	-
	Less: Amount paid to the trustees of the fund		-	-
	Balance at the end of the year		13,731	7,508
26	**Short-term borrowings**			
	From banking companies - secured			
	Running finances under mark-up arrangements from banks	26.1 & 26.2	1,557,985	1,499,800
	From related party - unsecured			
	Interest free loan	26.3	588,958	340,000
			2,146,943	1,839,800

26.1 The aggregate finance facilities available from various commercial banks amounted to Rs. 1,681.242 million (2017: Rs. 1,681.242 million). These carry mark-up at the rates ranging from 6.54% to 8.30% (2017: 6.44% to 7.14%) p.a. and are secured against hypothecation charge on current assets of Rs. 2,089.265 million (2017: Rs. 2,089.265 million) and promissory notes of Rs. 1,798.729 million (2017: Rs. 1,690.100 million) respectively. Maximum amount utilised during the year ended 30 June 2018 amounted to Rs. 1,570.010 million (2017: Rs. 1,499.800 million).

26.2 The facilities for opening letter of credit from various commercial banks as at 30 June 2017 aggregates to Rs. 1,914.060 million (2017: Rs. 1,914.060 million) of which the amount remained unutilised at the year-end was Rs. 1,334.651 million (2017: Rs. 859.787 million).

26.3 The Company availed interest free and unsecured loan from Alnu Trust holding 17.83% (2017: 17.83%) of the total share capital of the Company. During the year, loan amounting to Rs. 318.958 million (2017: Rs. 77 million) has been obtained and Rs. 70 million (2017: Rs. 195 million) has been repaid. Maximum amount utilised during the year ended 30 June 2018 amounted to Rs. 627.958 million (2017: Rs. 340 million). The loan is repayable on demand by the trust.

(Rupees in thousand)	Note	2018	2017
27 Current portion of long-term borrowings			
Long-term financing	21	71,590	61,293
Liabilities against assets subject to finance lease	24	1,191	1,009
		72,781	62,302

28 Contingencies and commitments

28.1 Contingencies:

28.1.1 Guarantees issued to different organizations in the normal course of business amounted to Rs. 75.314 million (2017: Rs. 81.314 million).

28.1.2 No outstanding guarantees were given on behalf of related parties as at 30 June 2018 and 2017.

28.1.3 Various court cases involving immaterial amounts are pending against the Company but no provision has been made in these financial statements because management and legal advisors are confident that no amount would be payable in respect of these cases.

28.2 Commitments:

28.2.1 Contracts for capital expenditure commitments outstanding as at 30 June 2018 amounted to Rs. 349.386 million (2017: Rs. 255.432 million).

28.2.2 Commitments against irrevocable letters of credit as at 30 June 2018 amounted to Rs. 579.409 million (2017: Rs. 1,054.272 million).

(Rupees in thousand)	Note	2018	2017
29 Sales			
Gross sales - local		6,070,383	5,040,040
Less:			
- Commission / discount		(23,992)	(13,020)
- Sales Tax		(2,280)	(1,619)
		(26,272)	(14,639)
		6,044,111	5,025,401
30 Cost of sales			
Raw and packing materials consumed		4,457,057	3,887,087
Stores and spares consumed		67,343	60,111
Salaries, wages and amenities	30.1	290,662	267,084
Fuel and power		616,132	523,812
Repair and maintenance		26,019	26,365
Running and maintenance of vehicles		16,735	13,639
Insurance		16,920	17,417
Depreciation	7.2	132,273	139,639
Rent, rates and taxes		2,058	1,906
Other expenses		1,539	1,523
Manufacturing cost		5,626,738	4,938,583
Add: Opening Work-in-Process		29,981	22,059
Less: Closing Work-in-Process		(45,180)	(29,981)
Cost of goods manufactured		5,611,539	4,930,661
Add: Opening Finished Goods		314,414	271,451
Less: Closing Finished Goods		(245,036)	(314,414)
		5,680,917	4,887,698

Notes to the Financial Statements
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(Rupees in thousand)	Note	2018	2017

30.1 Salaries, wages and amenities include Rs. 16.647 million (2017: Rs. 17.009 million) in respect of staff retirement benefits and Rs. 1.067 million (2017: Rs 0.569 million) in respect of provident fund contribution.

31 Selling and distribution expenses

	Note	2018	2017
Salaries, wages and amenities	31.1	5,618	5,357
Rent, rates and taxes		245	348
Electricity, gas and water charges		190	192
Postage, telephone and fax		92	92
Printing and stationery		177	99
Books and subscription		44	47
Running and maintenance of vehicles		129	90
Repair and maintenance		57	121
Travelling expenses		267	180
Entertainment		115	78
Insurance		44	42
Depreciation	7.2	888	854
Freight and forwarding		9,761	5,216
Sales promotion expenses		5	10
		17,632	12,726

31.1 Salaries, wages and amenities include Rs.0.436 million (2017: Rs.0.446 million) in respect of staff retirement benefits and Rs: 0.042 million (2017: Rs 0.042 million) in respect of provident fund contribution.

32 Administrative and general expenses

	Note	2018	2017
Salaries, wages and amenities	32.1	106,751	101,787
Director's remuneration		5,729	5,729
Rent, rates and taxes		4,646	6,615
Electricity, gas and water charges		3,601	3,641
Postage, telephone and fax		1,741	1,739
Printing and stationery		3,355	1,888
Books and subscription		834	886
Running and maintenance of vehicles		2,457	1,717
Repair and maintenance		1,078	2,295
Legal and professional charges		5,624	2,457
Travelling expenses		5,074	3,423
Entertainment		2,186	1,482
Auditors' remuneration	32.2	674	850
Insurance		862	801
Advertisement		628	1,370
Depreciation	7.2	16,869	16,231
Miscellaneous expenses		776	714
		162,885	153,625

32.1 Salaries, wages and amenities include Rs. 8.286 million (2017: Rs. 8.466 million) in respect of staff retirement benefits and Rs. 0.791 million (2017: Rs. 0.791 million) in respect of provident fund contribution.

Notes to the Financial Statements
for the year ended 30 June 2018

(Rupees in thousand)	Note	2018	2017
32.2 Auditors' remuneration			
Audit fee		525	525
Certification and review		85	85
Taxation services		64	240
		674	850
33 Other expenses			
Charity and donation	33.1	25,000	9,300
Workers' profit participation fund		6,223	-
Workers' welfare fund		2,415	-
		33,638	9,300

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

(Rupees in thousand)	Note	2018	2017
34 Other income			
Income from financial assets			
Mark-up / Interest income	34.1	1,218	1,223
Income from non-financial assets			
Scrap, waste and other sales - net	34.2	45,694	26,606
Remission of liabilities		106	706
Profit on disposal of operating fixed assets	7.3		-
Gain on remeasurement of fair value of investment property	8	37,500	-
Exchange gain		128	
Misc. income		1,003	29
		84,431	27,341
		85,649	28,564
34.1 Mark-up / Interest income			
Interest income from banks		919	934
Mark-up income on:			
- Staff loans		299	289
		1,218	1,223
34.2 Scrap, waste and other sales - net			
Gross sales		50,489	29,918
Less: Sales tax		(4,795)	(3,312)
		45,694	26,606
35 Finance cost			
Mark-up on long-term financing		16,945	18,870
Mark-up on short-term borrowings		100,775	93,844
Mark-up on liabilities against assets subject to finance lease		206	287
Bank commission and other expenses		941	679
		118,867	113,680

Notes to the Financial Statements

for the year ended 30 June 2018

(Rupees in thousand)	Note	2018	2017
36 (Provision for) / Reversal of taxation			
Current			
- for the year	36.1	60,479	43,937
- prior years		266	(35,369)
		60,745	8,568
Deferred			
Origination and reversal of temporary differences		(562)	(11,549)
Impact of change in tax rate	36.3	(8,915)	-
		(9,477)	(11,549)
		51,268	(2,981)

36.1 This represents minimum tax at the rate of 1.25% of the turnover in accordance with section 113 of the Income Tax Ordinance, 2001 ("the Ordinance").

36.2 Tax charge for the year ended 30 June 2018 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 was reduced from 31% to 30% for the year on account of changes made to Income Tax Ordinance, 2001.

36.4 According to the management's assessment, sufficient tax provision has been made in the Company's financial statements. The comparison of tax provision according to the financial statements viz-a-viz tax assessment for last three years is as follows:

(Rupees in thousand)	Provision according to financial statements	Tax assessment
2017	43,937	44,203
2016	48,900	13,531
2015	-	-

(Rupees in thousand)	Note	2018	2017
37 Earnings / (Loss) per share			
37.1 Earnings / (Loss) per share - basic			
Profit / (loss) for the year after taxation attributable to ordinary shareholders (Rupees in thousand)		64,553	(120,083)
Weighted average ordinary shares in issue during the year (No. of shares)	18	34,068,514	34,068,514
Basic earnings per share (Rupees)		1.89	(3.52)

37.2 Earnings / (loss) 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 2018 and 2017 which would have any effect on the earnings per share if the option to convert is exercised.

Notes to the Financial Statements
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(Rupees in thousand)	Note	2018	2017
38 Cash generated from / (used in) operations			
Profit / (loss) before taxation		115,822	(123,064)
Adjustments for non-cash and other items			
Depreciation	7.2	150,030	156,724
Gain on remeasurement of fair value of investment property	8	(37,500)	-
Provision for staff retirement benefits	22.1	25,369	25,921
Exchange gain	33	(128)	-
Remission of liabilities	34	(106)	(706)
Profit / Mark-up on bank deposits	34.1	(919)	(934)
Finance cost	35	118,867	113,680
		255,613	294,685
		371,435	171,621
Effect on cash flow due to working capital changes			
Decrease / (increase) in current assets			
Stores, spares and loose tools		(6,878)	(67,966)
Stock-in-trade		(99,112)	(194,025)
Trade debts		(11,237)	8,620
Loans and advances		6,410	(15,125)
Trade deposits and short term prepayments		896	3,137
Other receivables		113,826	71,339
		3,905	(194,020)
Decrease in current liabilities			
Trade and other payables		(178,975)	(3,734)
Cash generated from / (used in) operations		196,365	(26,133)

39 Financial risk management

39.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD), Japanese Yen, Great Britain Pound and Euro. Currently, the Company's foreign exchange risk exposure is restricted to bank balances and the amounts receivable from / payable to the foreign entities.

Notes to the Financial Statements
for the year ended 30 June 2018

5% strengthening of Pak rupee against the following currencies at 30 June 2018 would have decreased the equity and profit or loss by the amount shown below. The analysis assumes that all other variables, in particular interest rates, remain constant.

(Rupees in thousand)	Equity	Profit or (Loss)
US Dollar	916	1,309
Japanese Yen	31,860	45,515
Euro	1,004	1,435
Others	81	115

5% weakening of Pak rupee against the above currencies at reporting date would have had the equal but opposite effect on the above currencies to the amounts shown above on the basis that all other variables remain constant.

(ii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no significant long-term interest-bearing assets. The Company's interest rate risk arises from short-term borrowings. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk.

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

(Rupees in thousand)	2018	2017
Fixed rate instruments		
Financial assets		
Loan against installments	-	-
Financial liabilities	(2,176)	(3,281)
Net exposure	(2,176)	(3,281)
Floating rate instruments		
Financial assets		
Bank balances - savings accounts	241	58,317
Financial liabilities		
Long-term financing	(214,769)	(245,172)
Short-term borrowings	(2,146,943)	(1,839,800)
Net exposure	(2,361,471)	(2,026,655)

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

If interest rates on variable rate financial instruments, at the year end date, fluctuates by 1% higher / lower, with all other variables held constant, post tax loss for the year would have been Rs. 0.942 million (2017: Rs. 0.771 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate instruments.

Notes to the Financial Statements
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(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)	2018	2017
Trade debts	12,698	1,461
Advances, deposits and other receivables	394,513	515,645
Bank balances	14,482	62,920
	421,693	580,026

There is no impairment loss of trade receivables as at June 30, 2018 and 2017.

The management estimates the recoverability of trade receivables on the basis of financial position and past history of its customers based on the objective evidence that it will not receive the amount due from the particular customer. A provision for doubtful debts is established when there is objective evidence that the Company will not be able to collect all the amount due according to the original terms of the receivable. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade debt is impaired. The provision is recognised in the profit and loss account. The provision is written off by the Company when it expects that it cannot recover the balance due. Any subsequent repayments in relation to amount written off, are credited directly to profit and loss account.

(ii) Credit quality of major financial assets

The credit quality of major financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating		Rating Agency	2018	2017
	Short term	Long term		(Rupees '000)	(Rupees '000)
Habib Bank Limited	A1+	AA+	PACRA	617	271
National Bank of Pakistan	A1+	AAA	PACRA	9	6
Bank Al-Habib Limited	A1+	AA+	PACRA	29	29
Soneri Bank Limited	A1+	AA+	PACRA	9,468	58,318
				10,123	58,624

Notes to the Financial Statements
for the year ended 30 June 2018

Due to the Company's long standing business relationships with these counter parties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the Company's business, the Board maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors the forecasts of the Company's cash and cash equivalents on the basis of expected cash flow. This is generally carried out in accordance with practice and limits set by the Company. The Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet its liabilities, monitoring balance sheet liquidity ratios against internal and external regulatory requirements, and maintaining debt financing plans.

The table below analyses the Company's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows as the impact of discounting is not significant.

At 30 June 2018	Carrying amount	Less than one year	One to five years	More then five years
	(Rupees '000)			
Long-term financing	214,769	71,590	143,179	-
Short-term borrowings	2,146,943	2,146,943	-	-
Trade and other payables	690,140	690,140	-	-
	3,051,852	2,908,673	143,179	-
At 30 June 2017				
Long-term financing	245,172	61,293	183,879	-
Short-term borrowings	1,839,800	1,839,800	-	-
Trade and other payables	869,221	869,221	-	-
	2,954,193	2,770,314	183,879	-

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.

As at June 30, 2018, all financial assets and financial liabilities are carried at amortised cost except for investment in mutual funds, PIBs and Sukuk Bonds which are carried at their fair values. The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

Notes to the Financial Statements
for the year ended 30 June 2018

b) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

c) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred.

The Company's policy for determining when transfers between levels in the hierarchy have occurred includes monitoring of the following factors:

- changes in market and trading activity (e.g. significant increases / decreases in activity)
- changes in inputs used in valuation techniques (e.g. inputs becoming / ceasing to be observable in the market)

There were no transfers between level 1, 2 or 3 of the fair value hierarchy during the year

The valuation techniques used are as follows:

Level 1: Quoted prices (unadjusted) in active markets

The fair value of financial instruments traded in active markets is based on Net Asset Values (NAVs) of the units of the mutual funds, market prices for Sukuk Bonds and quoted prices for floating rate PIBs at the reporting date. A market is regarded as active when it is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

(Rupees in thousand)	2018	2017
39.3 Financial instruments by categories		
(a) Loans and receivables at amortised cost		
Assets as per balance sheet		
Long term security deposit	4,396	4,396
Trade debts	12,698	1,461
Advances, deposits and other receivables	394,513	515,645
Cash and bank balances	14,482	62,920
	426,089	584,422
(b) Financial liabilities at amortised cost		
Liabilities as per balance sheet		
Long-term financing	214,769	245,172
Trade and other payables	690,140	869,221
Short-term borrowings	2,146,943	1,839,800
Unclaimed dividend	1,111	1,111
Accrued mark-up	28,558	27,287
	3,081,521	2,982,591

39.4 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

Notes to the Financial Statements
for the year ended 30 June 2018

39.5 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.
In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares, obtain long term debt or sell assets to reduce debt.

Consistent with others in the industry, the Company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investments requirements and expectation of the shareholders.

The Company manages capital by maintaining gearing ratio at certain levels. This ratio is calculated as long-term financing divided by total capital. Total capital is calculated as 'equity' as shown in the balance sheet plus long-term financing.

The gearing ratio of the Company is as follows:

(Rupees in thousand)	2018	2017
Long-term financing - note 21	143,179	183,879
Total equity	2,401,627	2,337,074
Total capital	2,544,806	2,520,953
Gearing ratio	0.056	0.073

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	
	2018	2017	2018	2017 (Note 40.1)	2018	2017 (Note 40.1)
Managerial remuneration	-	-	3,805	3,699	28,178	26,085
House rent	-	-	1,141	1,110	8,453	7,825
Utilities	-	-	380	370	2,818	2,608
Medical expenses	-	-	380	370	2,818	2,608
Retirement benefits	-	-	-	-	459	277
Others	-	-	147	181	277	261
	-	-	5,853	5,730	43,003	39,664
Number of person(s)	1	1	1	1	13	13

40.1 The comparatives have been amended to reflect the changes in the definition of executives as per the Companies Act, 2017

40.2 The Chief Executive Officer and one of the executives of the Company are provided with cars for business and personal use.

40.3 No remuneration has been paid to executive and non-executive directors for attending company meetings during the year ended 30 June 2018 and 2017.

Notes to the Financial Statements

for the year ended 30 June 2018

41 Transactions with related parties

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

41.1 Details of transaction with related parties

Name	Nature of Relationship	Nature of Transactions	2018	2017
		(Rupees in thousand)		
Rupafil Limited	Associated undertaking	- Sales of goods and services	503,052	904,943
		- Purchase of goods and services	594,124	153,089
Rupali Nylon (Pvt.) Limited	Associated undertaking	- Sales of goods and services	-	-
		- Purchase of goods and services	4,478	4,633
Soneri Bank Limited	Associated undertaking	- Profit on Bank Deposits	919	934
Spintex Limited	Related party	- Sales of goods and services	11	-
		- Purchase of goods and services	145	23
Provident Fund Trust	Defined contribution plan	- Contribution to Provident Fund	1,900	1,315
Alnu Trust	Related party	- Loan obtained	318,958	-
		-Repayment of loan	70,000	-

41.2 The Company continues to have a policy whereby all transactions with Related Parties and Associated Undertakings are entered into at arm's length prices using comparable un-controlled price method and cost plus method, wherever, appropriate. Further, contributions to the Defined Contribution Plan (Provident Fund) are made as per the terms of employment.

41.3 Particulars of transactions with worker's profit participation fund and staff retirement benefit plans are disclosed in note 20 and note 23.2 respectively to these financial statements.

41.4 Amount due from / (outstanding to) related parties

(Rupees in thousand)	2018	2017
Rupafil Limited		
- Sale of goods and services	17	1
- Purchase of goods and services	-	-
Rupali Nylon (Pvt.) Limited		
- Sale of goods and services	-	-
- Purchase of goods and services	-	-
Spintex Limited		
- Sale of goods and services	41,910	41,943
- Purchase of goods and services	-	-
Rupafil PowerGen (Pvt.) Limited		
- Sale of goods and services	31	31
- Purchase of goods and services	-	-

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

Notes to the Financial Statements
for the year ended 30 June 2018

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 Relative	N/A
d.	Rupafil PowerGen (Pvt.) Limited	Common Directorship	N/A
e.	Alnu Trust	Common Ownership	17.83

	(Metric Tons)	2018	2017
42	**Plant capacity and actual production**		
	Annual capacity (in three shifts)		
	- Yarn	10,100	10,100
	- Fiber	12,000	12,000
	Actual production		
	- Yarn	10,735	7,794
	- Fiber	20,843	23,387

(Numbers)	2018	2017
42.1 Number of employees		
Total number of employees as at 30 June	1323	1230
Average number of employees for the year ended 30 June	1277	1221
Number of factory employees as at 30 June	1157	1075
Average number of factory employees for the year ended 30 June	1116	1067

43 Proposed Dividend

The Board of Directors in its meeting held on September 17, 2018 has proposed cash dividend of Rs 10 per share (2017: nil) aggregating Rs: 34.069 million (2017: nil) for the year ended June 30, 2018. The proposed dividend is subject to approval of members and the effect of such dividend shall be accounted for in the financial statements for the year ending June 30, 2019.

44 Date of authorization for issue

These financial statements were authorized for issue on 17 September 2018 by the Board of Directors of the Company.

45 Corresponding figures

Corresponding figures have been rearranged and reclassified where ever necessary, for the purpose of comparison. There were no significant reclassifications / restatements to these financial statements during the year except as mentioned below:

Notes to the Financial Statements
for the year ended 30 June 2018

Reclassification from Statement of financial position	Reclassification to Statement of financial position	2017 Rupees '000'
Trade and other payables	Unclaimed dividend	1,111
Surplus on revaluation of freehold land	Equity	1,719,056

46 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 2018

Number of Shareholders	Shareholding From		To	Total Shares Held
203	1	-	100	6,309
98	101	-	500	30,094
81	501	-	1000	58,591
81	1001	-	5000	204,279
20	5001	-	10000	147,590
6	10001	-	15000	78,701
3	15001	-	20000	55,500
8	20001	-	25000	188,189
2	25001	-	30000	56,000
1	30001	-	35000	31,000
1	35001	-	40000	40,000
1	40001	-	45000	41,500
1	45001	-	50000	48,500
1	50001	-	55000	53,000
1	95001	-	100000	100,000
2	110001	-	115000	230,000
3	145001	-	150000	446,482
1	205001	-	210000	209,490
2	225001	-	230000	456,662
1	230001	-	235000	233,161
1	250001	-	255000	254,000
1	285001	-	290000	286,000
1	350001	-	355000	352,811
1	470001	-	475000	472,022
1	480001	-	485000	483,918
1	485001	-	490000	488,010
1	580001	-	585000	584,500
1	815001	-	820000	816,483
1	840001	-	845000	841,000
1	2240001	-	2245000	2,240,641
1	3830001	-	3835000	3,834,290
1	8515001	-	8520000	8,519,800
1	12175001	-	12180000	12,179,991
530		Total		34,068,514

Pattern of Shareholding
as at 30 June 2018

Categories of Shareholders	Number	Shares Held	Percentage
Individuals	501	3,662,707	10.75
Joint Stock Companies	0	0	0.00
Investment Companies	0	0	0.00
Directors, Chief Executive Officer and their Spouses and minor Children	9	996,423	2.90
Mr. Nooruddin Feerasta		500	0.00
Mr. Muhammad Rashid Zahir		500	0.00
Mr. Muhammad Ali Sayani		488,010	1.43
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. Roshan Ara Sayani w/o Mr. Muhammad Ali Sayani		483,918	1.42
Mrs. Amyna N. Feerasta w/o Mr. Nooruddin Feerasta		500	0.00
Total:		996,423	2.91
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	10	1,080,957	3.17
Foreign Investors	1	8,519,800	25.01
Co-operative Societies	0	0	0.00
Trusts	3	18,254,922	53.58
Others			
Total:	530	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	12,179,991	35.75
Regula Limited	8,519,800	25.01
Trustees ALNU Trust	6,074,931	17.83
Total:	28,328,227	83.15

Trading in Shares During 2017-18:

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

Proxy Form 38th 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 38th Annual General Meeting of the Company to be held on 27 October 2018 or at any adjournment thereof.

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

Revenue Stamp

Dated this _____ day of October 2018

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.

AFFIX
CORRECT
POSTAGE

The Company Secretary

Rupali Polyester Limited

Rupali House,

241-242 Upper Mall Scheme, Anand Road,

Lahore - 54000

پراکسی فارم

اڑتیسواں سالانہ اجلاسِ عام

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

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

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

سکنہ-----------------------کو بطور کمپنی ممبر اپنی جگہ کمپنی کے سالانہ عام اجلاس منعقدہ، بمقام کمپنی کے رجسٹرڈ دفتر روپالی ہاؤس،

241-242 اپر مال سکیم آنند روڈ لاہور بتاریخ 27 اکتوبر 2018 میری/ہماری جگہ بطور پراکسی شرکت کرنے، ووٹ دینے کی

اجازت دیتا ہوں/دیتی ہوں۔

درست رقم کی
ٹکٹ چسپاں کریں

گواہان:

1 دستخط: -------------------------

نام: -------------------------

پتہ: -------------------------

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

2 دستخط: -------------------------

نام: -------------------------

پتہ: -------------------------

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

دستخط کئے گئے مورخہ ------- اکتوبر 2018

نوٹ: پراکسیز کے موثر ہونے کے لیے لازم ہے کہ وہ اجلاس سے 48 گھنٹے قبل کمپنی کو موصول ہوں۔ نیابت دار کا کمپنی کا رُکن ہونا ضروری ہے۔ سی ڈی سی کے حصص یافتگان اور ان کے نمائندوں سے التماس ہے کہ وہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپی پراکسی فارم کے ساتھ کمپنی میں جمع کرائیں۔

درست رقم کی
ٹکٹ چسپاں کریں

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

Rupali Polyester Limited

Rupali House, 241-242 Upper Mall Scheme
Anand Road, Lahore
Ph. No: 042-35792180-99

To all Shareholders,
*

Subject: **Bank Mandate with International Bank Account Number (IBAN) for payment of Cash dividend**

The Shareholders are hereby informed that under the provision of Section 242 of the Companies Act, 2017, Securities & Exchange Commission of Pakistan (SECP) has directed all listed companies to pay cash dividends only through electronic mode directly into the bank accounts of the shareholders. Therefore, shareholders are requested to provide their Bank Mandate details including International Bank Account Number (IBAN) alongwith a copy of valid CNIC at the earliest, if not already provided to:

1. your respective CDC Participant / CDC Investor Account Services (in case your shareholding is in book entry form) or

2. our Share Registrar, M/s. THK Associates (Pvt.) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi - 75400 (in case your shareholding is in physical form).

In case of non provision of bank mandate with IBAN Bank Account detail, cash dividend(s) will be withheld to comply with SECP directions issued vide Circular No. 18 of 2017 dated 01 August 2017 directing that all dividend payments will effect from 1 November 2017 shall be paid through electronic mode only.

Thanking you.

Sincerely yours,

S. Ghulam Shabbir Gilani
Company Secretary

Lahore: 17 September 2018

* Circulated with Annual Report 2018

Rupali Polyester Limited

Rupali House, 241-242 Upper Mall Scheme
Anand Road, Lahore
Ph. No: 042-35792180-99

To all Shareholders,
*

Subject:

Following para be read as integral part of Note 10 of Notice of Annual General Meeting

In case of Joint account, each holder is to be treated individually as either a filer or non-filer and tax will be deducted on the basis of shareholding of each joint holder as may be notified by the shareholder, in writing as follows, to our Share Registrar, or if no notification, each joint holder shall be assumed to have an equal number of shares.

Company Name	Folio/CDC Account No.	Total Shares	Principal Shareholding		Joint Shareholding	
			Name & CNIC No.	Shareholding proportion (No. of Shares)	Name & CNIC No.	Shareholding proportion (No. of Shares)

* Circulated with Annual Report 2018

Thanking you.

Sincerely yours,

S. Ghulam Shabbir Gilani
Company Secretary

Lahore: 17 September 2018

rupaligroup.com

RUPALI POLYESTER LIMITED
Registered Office
Rupali House, 241 - 242 Upper Mall Scheme,
Anand Road, Lahore - 54000 Pakistan.