

Annual Report 2015

moving  
forward...



Rupali Polyester Limited



# Contents

Corporate Data	03
Our Vision	04
Our Mission	05
Our Core Values	06
Financial Highlights	08
Directors' Report to the Shareholders	12
Notice of Meeting	16
Statement of Compliance with the Code of Corporate Governance	19
Review Report to the Members on statement of Compliance with the Best Practices of the Code of Corporate Governance	21
Auditors' Report to the Members	22
Balance Sheet	24
Profit and Loss Account	25
Statement of Comprehensive Income	26
Cash Flow Statement	27
Statement of Changes in Equity	28
Notes to the Financial Statements	29
Pattern of Shareholding	58
Form of Proxy	-





# Corporate Data

## Board of Directors

### Chairman / Chief Executive Officer

Nooruddin Feerasta

### Directors

Muhammad Rashid Zahir - Non-Executive	Muhammad Ali Sayani - Non-Executive
Sultan Ali Rajwany - Non-Executive	Amin A. Feerasta - Non-Executive
Shehzad Feerasta - Non-Executive	Abdul Hayee - Executive

### Audit Committee

Sultan Ali Rajwany - Chairman	Muhammad Rashid Zahir - Member
Amin A. Feerasta - Member	

### Human Resource & Remuneration Committee

Sultan Ali Rajwany - Chairman	Nooruddin Feerasta - Member
Amin A. Feerasta - Member	

### Chief Financial Officer

Ayub Saqib

### Company Secretary

S. Ghulam Shabbir Gilani

### Bankers

Askari Bank Limited	Bank Alfalah Limited
Bank Al-Habib Limited	Faysal Bank Limited
Habib Bank Limited	MCB Bank Limited
NIB Bank Limited	Soneri Bank Limited

### Auditors

Qavi & Co.  
Chartered Accountants

### Registered Office

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

### Plant

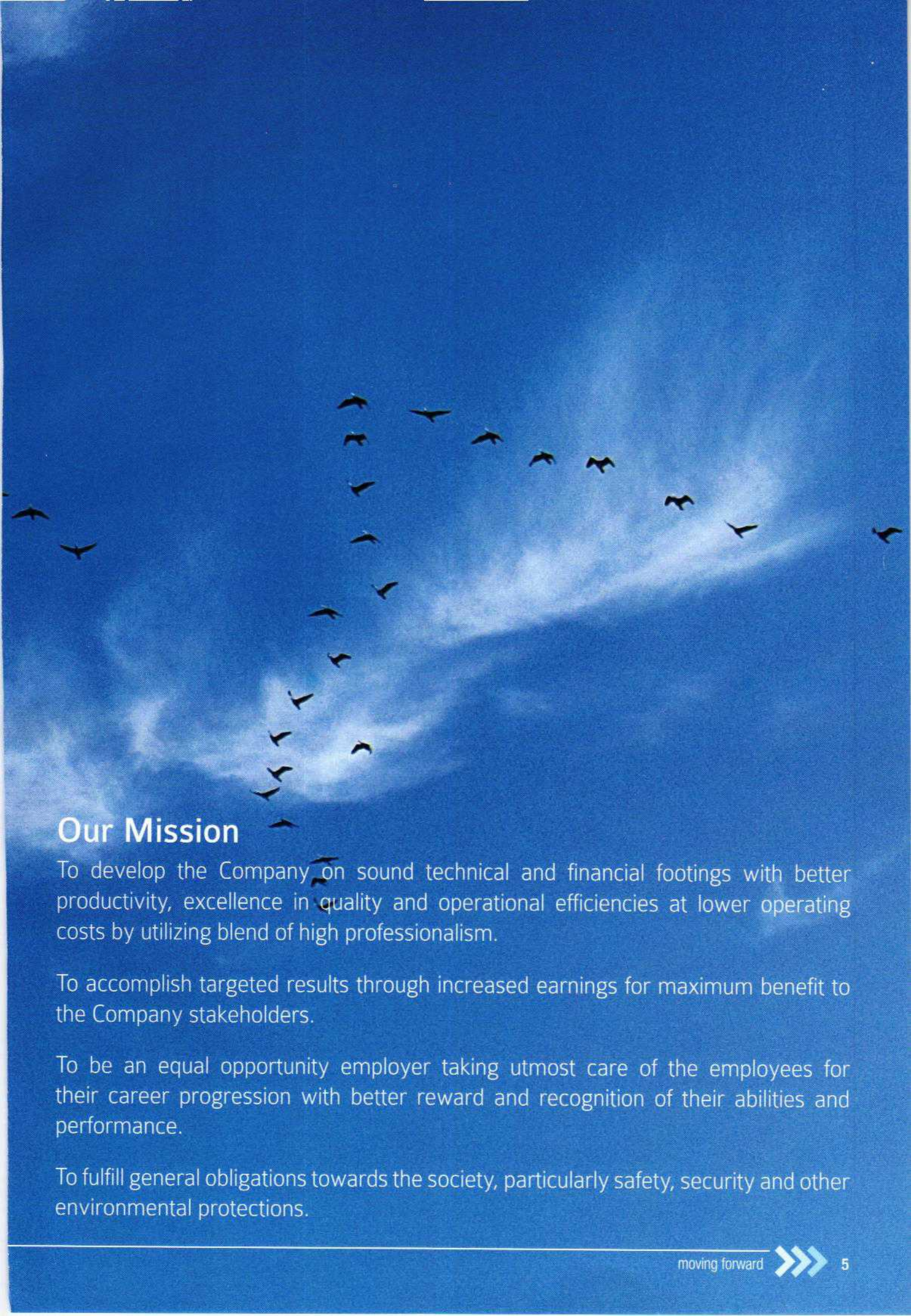
30.2 Kilometer Lahore - Sheikhpura Road  
Sheikhpura - 39350 PAKISTAN





## Our Vision

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



## 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.

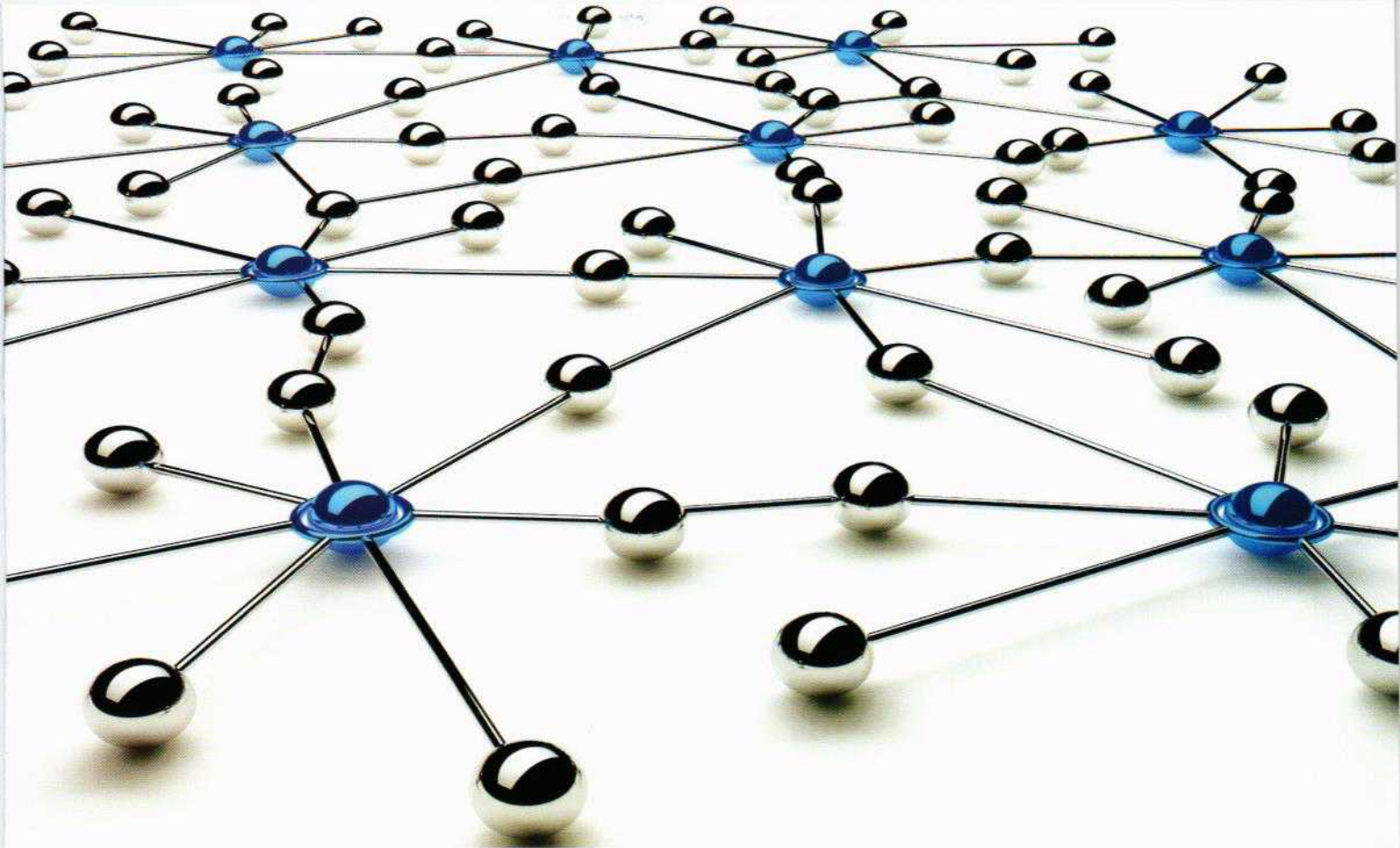
To fulfill general obligations towards the society, particularly safety, security and other environmental protections.



# 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



## Company Profile

RUPALI POLYESTER LIMITED was incorporated at Karachi in May 1980 as a Public Limited Company and is listed on all stock exchanges of Pakistan. 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. 4,288 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 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.

ALHAMDOLILLAH, 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

	UOM	2015	2014	2013	2012
<b>Profit and Loss Account</b>					
Sales - Net	Rs. in thousand	4,841,940	5,952,659	6,091,802	6,390,922
Cost of Goods Sold	Rs. in thousand	4,982,459	6,219,222	6,317,322	6,175,904
Gross Profit	Rs. in thousand	(140,519)	(266,563)	(225,520)	215,018
Operating profit	Rs. in thousand	(233,801)	(361,421)	(275,782)	125,266
Profit before tax	Rs. in thousand	(401,098)	(479,858)	(357,747)	81,750
Profit after tax	Rs. in thousand	(384,447)	(403,284)	(436,600)	20,939
Income tax - current	Rs. in thousand	-	-	30,459	63,909
- prior years	Rs. in thousand	-	(30,459)	565	(33,233)
- deferred	Rs. in thousand	(16,651)	(46,115)	47,829	30,135
<b>Dividend</b>					
Cash dividend	Rs. in thousand	-	-	-	34,068
Cash dividend rate	Percentage	-	-	-	10
<b>Balance Sheet</b>					
Share capital	Rs. in thousand	340,685	340,685	340,685	340,685
Reserves	Rs. in thousand	1,735,615	1,735,615	1,735,615	1,735,615
Unappropriated profit	Rs. in thousand	(710,023)	(613,511)	(210,227)	259,657
Shareholders equity	Rs. in thousand	1,366,277	1,462,789	1,866,073	2,335,957
No. of ordinary shares	Numbers	34,068,514	34,068,514	34,068,514	34,068,514
Non-Current liabilities	Rs. in thousand	658,917	516,553	411,166	365,068
Current liabilities	Rs. in thousand	2,263,206	2,075,711	1,393,461	1,400,079
Property, Plant and Equipment	Rs. in thousand	1,729,858	1,630,402	1,578,010	1,311,704
Capital work-in-progress	Rs. in thousand	17,945	98,324	37,110	226,909
Long term investments/loans/deposits	Rs. in thousand	4,361	4,361	4,281	4,281
Current assets	Rs. in thousand	2,229,181	2,420,290	2,088,409	2,558,210
Net current assets	Rs. in thousand	(34,025)	344,579	694,948	1,158,131
<b>Total liabilities</b>	Rs. in thousand	4,288,400	4,055,053	3,670,700	4,101,104
<b>Total Assets</b>	Rs. in thousand	4,288,400	4,055,053	3,670,700	4,101,104
<b>Ratio Analysis</b>					
Gross profit	Percentage	(2.90)	(4.47)	(3.70)	3.36
Net profit	Percentage	(7.94)	(6.77)	(7.17)	0.33
Inventory turnover	Times	6	7	6	4
Cash dividend per share	Rupees	-	-	-	1.00
Debt : equity ratio		17 : 83	9 : 91	0 : 100	0 : 100
Break-up value per share	Rupees	40.03	42.94	54.77	68.40
Market value per share at the end of the year	Rupees	12.00	17.10	23.30	25.66
<b>Production volume</b>					
Production capacity	M. Tons	22,100	22,100	22,100	22,100
Production achieved	M. Tons	26,859	28,491	30,855	34,957
Capacity utilization	Percentage	121	129	140	158
<b>Employees</b>	Numbers	1,251	968	1,001	1,238



2011	2010	2009	2008
6,455,848	4,774,324	4,237,268	4,224,019
5,804,892	4,301,276	3,937,467	3,965,886
650,956	473,048	299,801	258,133
515,795	288,930	264,307	229,752
503,881	286,005	261,092	227,539
332,262	207,802	196,632	171,023
116,219	107,860	90,972	56,516
(3,230)	(22,197)	(4,210)	(52,002)
58,630	(7,460)	22,302	52,090
187,377	136,274	136,274	102,206
55	40	40	30
340,685	340,685	340,685	340,685
1,735,615	1,735,615	1,735,615	1,495,615
420,502	224,514	152,986	298,560
2,496,802	2,300,814	2,229,286	2,134,860
34,068,514	34,068,514	34,068,514	34,068,514
329,253	261,634	263,293	279,678
1,146,577	241,656	230,032	516,869
1,192,889	907,586	969,334	986,262
26,998	300,143	2,845	6,271
4,281	36,334	140,984	133,427
2,748,464	1,558,779	1,609,448	1,805,447
1,601,887	1,318,385	1,379,416	1,288,578
3,972,632	2,804,104	2,722,611	2,931,407
3,972,632	2,804,104	2,722,611	2,931,407
10.08	9.91	7.08	6.11
5.15	4.35	4.64	4.05
4	7	5	5
5.50	4.00	4.00	3.00
0 : 100	0 : 100	0 : 100	0 : 100
73.29	67.53	65.44	62.66
41.50	33.00	29.45	42.00
22,100	22,100	22,100	22,100
35,250	33,991	34,318	35,072
160	154	155	159
1,239	1,186	1,249	1,288

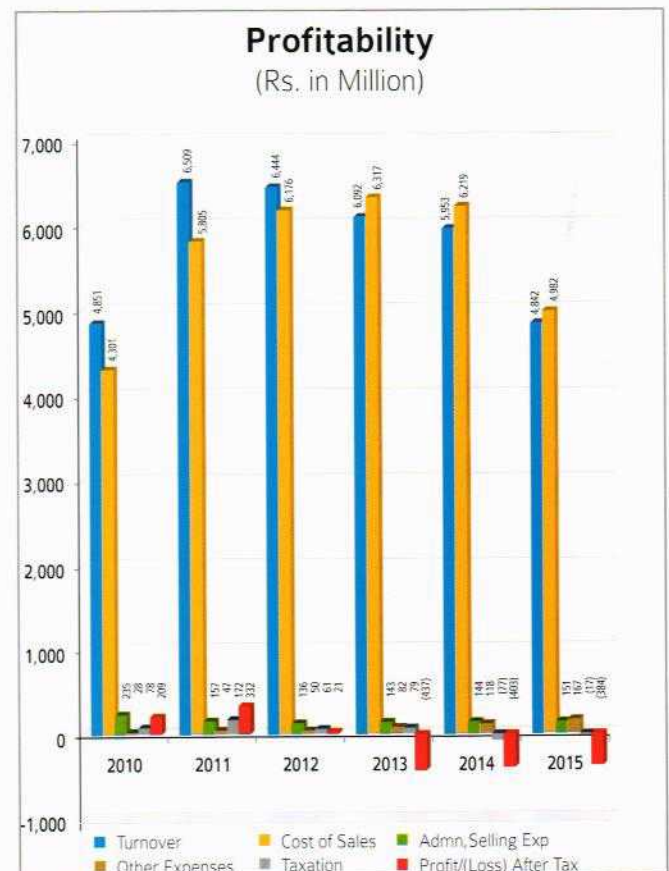
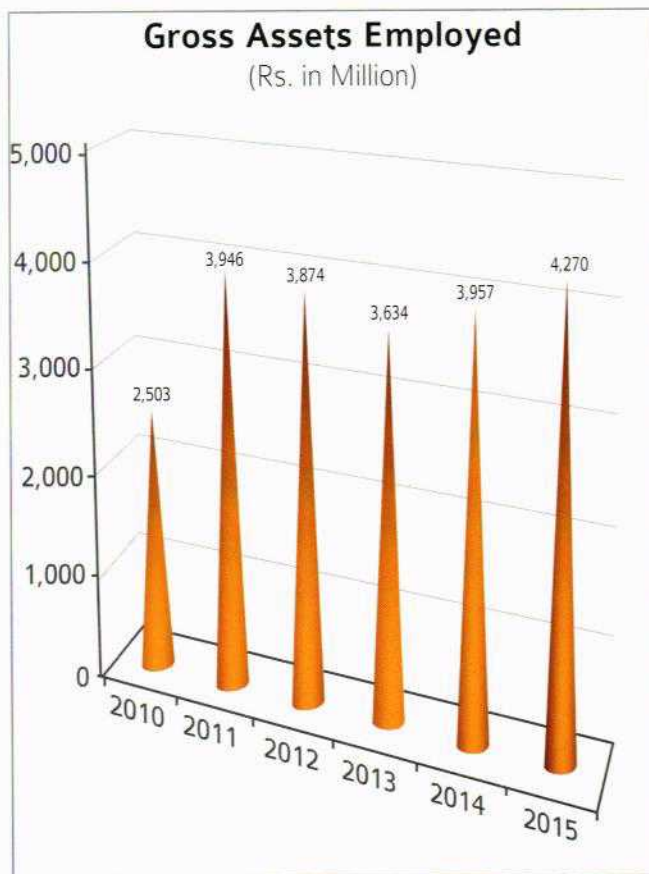
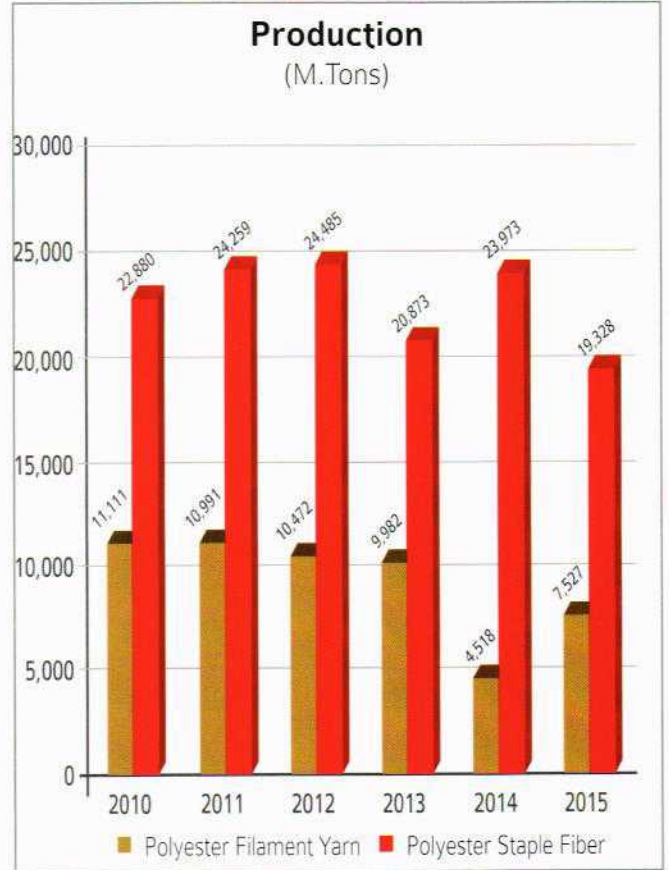
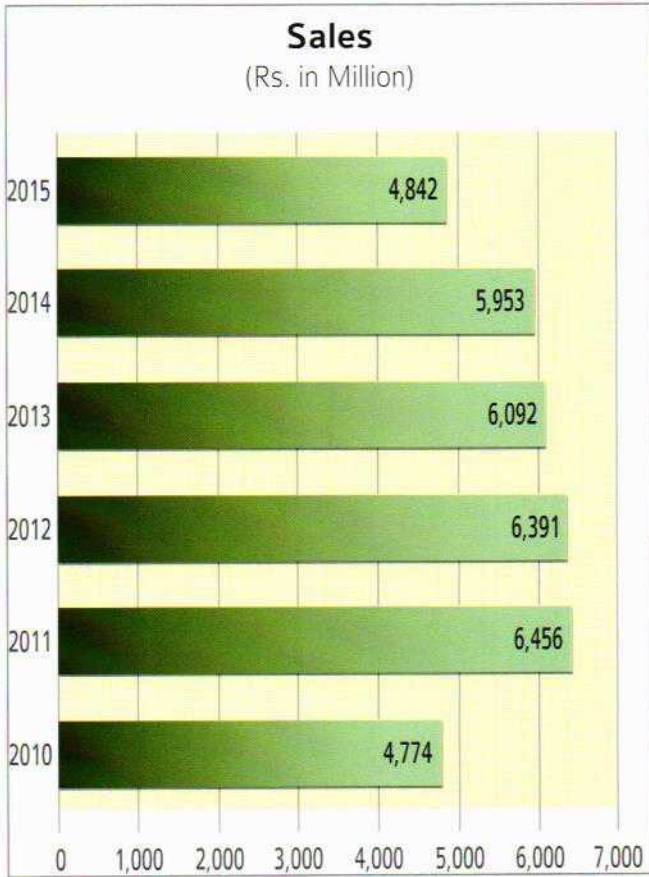


### SECP's Guidelines to Investors

Please visit SECP website  
[www.secp.gov.pk](http://www.secp.gov.pk)  
to access the guidelines for investments

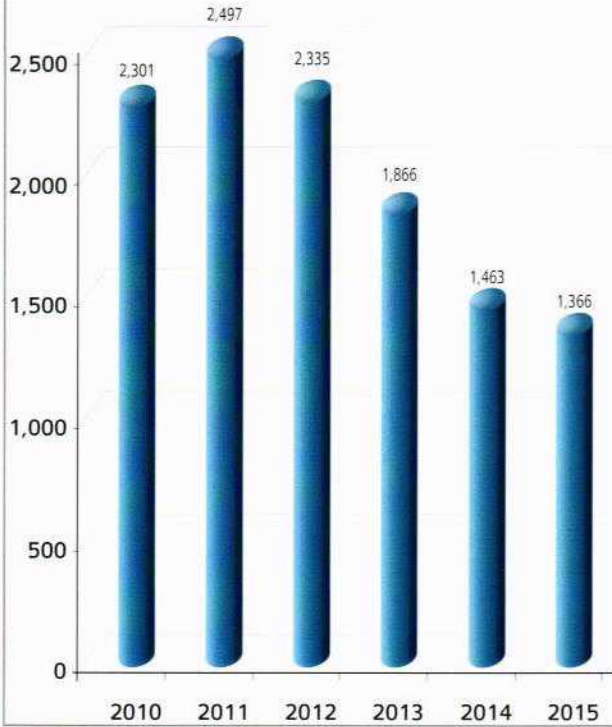


# Graphical Presentation



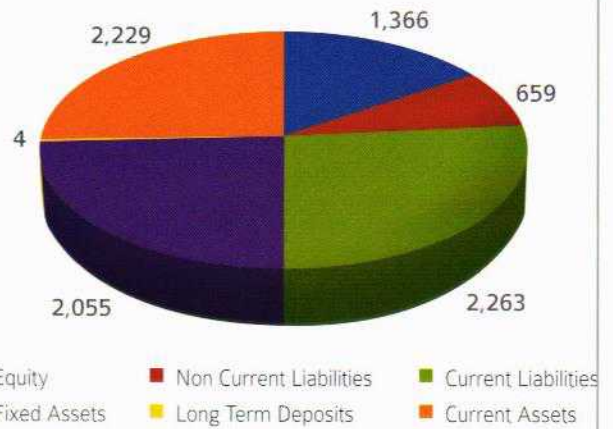
## Shareholders Equity

(Rs. in Million)



## Balance Sheet 2015

(Rs. in Million)



[www.jamapunji.pk](http://www.jamapunji.pk)



سرمايه کارى سمجھداری کے ساتھ



**Be aware, Be alert,  
Be safe**

Learn about investing at  
[www.jamapunji.pk](http://www.jamapunji.pk)

**Key features:**

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

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

[jamapunji.pk](http://jamapunji.pk)

[@jamapunji\\_pk](https://twitter.com/jamapunji_pk)

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

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



## Directors' Report to the Shareholders

On behalf of the Board of Directors of the Company, I am pleased to welcome you to the thirty-fifth annual general meeting and present the Annual Report and the audited financial statements of the Company for the year ended 30 June 2015 together with the Auditors' report.

### Financial Results:

	Rupees in thousand
Loss before taxation	(401,098)
Taxation	16,651
Loss after taxation	(384,447)
	Rupees
Earnings per share – basic and diluted	(11.28)

### Overview

The Directors take pleasure in reporting that as a result of our continuous efforts, ALHAMDOLILLAH, the Company has successfully implemented important cost controlling measures at the Plant. For example, the furnace oil operated steam boiler has been replaced with a coal-fired steam boiler, which evidently saves a sizeable amount in steam production cost. Furthermore, our conversion cost of Polymer has come down as a result of our Polymer modification project. We anticipate that these measures will have a positive and progressive impact on the financial results of the Company in the near future.

That being said, the industrial sector in Pakistan continues to face predicaments that restrict growth as well as expansion. These problems include severe energy shortfalls and increased cost of utilities. Utility companies are liable and obligated to regulate the flow of energy

and supply to companies in order to keep the industry running. Since they were unable to meet the required energy distribution that the textile export industry needs, GSP Plus facility could not be fully availed. We believe that unless the Government provides broad-based economic policies, adequate protection, and an enabling environment, the domestic industry will neither be able to expand nor prosper. The Government has not been successfully performing its role and apparently has not met the desired requirements within this sector.

A large production capacity of the Polyester Staple Fiber (PSF) and Polyester Filament Yarn (PFY) is impaired due to lack of robust Government policies. While millions of rupees are stuck in refunds, the increase in tariffs on gas and electricity, and the levy of Gas Infrastructure Development Cess (GIDC) have escalated the cost of production. As a result, our products are unable to compete in the market because of lucrative prices offered on goods imported from China, Korea, Taiwan and India.

The PSF and PFY industries enable Pakistan's cotton textile sector to diversify and align its products in order to meet the growing global demand of value-added textiles. This sector has been deteriorating for many years and seems to be heading towards closure. There is a need to address these concerns immediately, as it is a matter of urgency and could jeopardize the domestic textile industry.

The major causes of this issue are the unchecked dumping of PSF and PFY at cheaper prices, inadequate tariff protection, as well as the energy crisis and high cost of utilities. The dumping of PSF and PFY has put the domestic industry in jeopardy and its survival is at stake.

Domestic manufacturers are unable to recover their actual cost of production due to squeezed margins and the heavy cost of raw materials. An increase in the custom duty of PTA, from 3 to 4 percent, has further depleted the profit margin, as it is a significant raw material used in the production of Polyester. Although the operating performance has remained satisfactory, the Company is largely at the mercy of the selling prices of PSF and PFY.

Our sales during the year were affected adversely by two other developments; lower cotton prices and appreciation of the Pak Rupee against the US Dollar. With lower cotton prices, the downstream textile chains changed the blend ratio of PFY in favor of cotton. Not only did the appreciation of Pak Rupee against US Dollar hamper our export competitiveness, but also provided additional incentives to importers of PSF and PFY. This put pressure on our sales by increasing consumption of imported PFY in downstream textile units. In addition, recent instability of the Pak Rupee against the US Dollar will raise our raw materials import bill.

Sales revenue declined by 18 per cent to Rs.4,842 million from Rs.5,953 million in the fiscal year 2014. There was a modest improvement in gross margin and the Company posted a gross loss of Rs.140.519 million as opposed to a gross loss of Rs.266.563 million in 2014. Operating loss was also reduced to Rs.233.801 million from Rs. 361.421 million. Finance cost increased to Rs.167.297 million for the year under review from Rs.118.437 million in the last year due to increased working capital needs. Before tax loss was reduced to Rs.401.098 million from Rs.479.858 million in 2014 and after tax loss, to Rs.384.447 million from Rs.403.284 million.



## Future Outlook

The PSF and PFY industries in Pakistan continue to remain depressed as a result of high taxes, energy crises, and high cost of doing business in Pakistan. Fuel prices have been increased and the GIDC still remains in place.

As stated above, we cannot compete with the import prices of Polyester Staple Fiber and Polyester Filament Yarn from China, as they do not even cover our production cost. Due to this dumping, our products have become uncompetitive. We have moved an application with the National Tariff Commission (NTC) for imposing anti dumping duty on PSF and PFY imports from China. The issue is still under consideration with no further development to date. In order to ameliorate this situation and increase local along with export sales for domestic companies, the NTC should impose anti dumping duty on competitor's products coming in from China to provide necessary protection to the local industry.

However, the PSF feedstock prices are expected to have bottomed out, which benefits us and may potentially yield better results in the coming quarters.

The Company is ensuring consistent production of excellent quality products through vigorous technological development and innovative efforts. However, lingering power crises still remain a concerning factor for the Company and might result in further diminished margins. The Management is determined to find solutions by eliminating the energy-related cost factors and exploring results-driven outcomes. With the help of mass marketing and product development we are also trying to expand our consumer base in various regions of Pakistan.

## Board of Directors

Current members on the Board of Directors will end their term on 30 October 2015 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 seven (7).

## Auditors

The present auditors M/s. Qavi & Co., Chartered Accountants retire and being eligible offer 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 2015-16.

## Pattern of Shareholding

A statement showing the pattern of shareholding in the Company as at 30 June 2015 appears on Page 58.

## Disclosure Requirements as per Code of Corporate Governance

Good Corporate Governance has always been the focal point of the Board of Directors of the Company. I am 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 and following specific statements are being given hereunder:

- o The Company has maintained its books of account as per statutory requirements.
- o The Company's financial statements fully present state of affairs fairly, its results of operations, cash flows and changes in equity.
- o 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.
- o There is no inconsistency in these policies and no material departure from the best practices of corporate governance is allowed.
- o These accounts have been prepared on going concern basis and the Management is satisfied regarding going concern status of the Company.
- o The system of internal controls of the Company is significantly sound in design and has been effectively implemented and monitored.



- o Plant operations remained normal throughout the year. However, the gas and power shortages disturbed our targeted production and sales schedules. The reasons for decline in operating results have been highlighted and explained.
- o There is no statutory payment on account of taxes, duties, levies and charges outstanding other than those in normal business related transactions.
- o 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 2015 (Un-audited)	30 June 2014 (Audited)
25,385	24,640

## 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	4
2. Mr. Muhammad Rashid Zahir	Member	3
3. Mr. Amin A. Feerasta	Member	4

## H.R and Remuneration Committee Meetings and Attendance by each Member

Total number of H.R and Remuneration Committee Meetings held during the year under review: 4

### Attendance by each Member:

1. Mr. Jafferali M. Feerasta	Chairman*	1
2. Mr. Sultan Ali Rajwany	Chairman	3
3. Mr. Nooruddin Feerasta	Member	4
4. Mr. Amin A. Feerasta	Member	4

\*Mr. Jafferali M. Feerasta resigned from the Board Committees on 20 October 2014, and Mr. Sultan Ali Rajwany was appointed as the Chairman of H.R and Remuneration Committee.

## 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. Jafferli M. Feerasta (Non-Executive)*	1
2. Mr. Nooruddin Feerasta (Chief Executive Officer)	4
3. Mr. Muhammad Rashid Zahir (Non-Executive)	3
4. Mr. Mohammad Ali Sayani (Non-Executive)	4
5. Mr. Sultan Ali Rajwany (Independent & Non-Executive)	4
6. Mr. Amin A. Feerasta (Non-Executive)	4
7. Mr. Shehzad Feerasta (Non-Executive)	3
8. Mr. Abdul Hayee (Executive)	4

\*Mr. Jafferli M. Feerasta resigned from the Board on 20 October 2014, and Mr. Shehzad Feerasta was appointed as Director to fill this position.

#### 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 may include contributions to hospitals and education programs engaged in assisting under-privileged patients, students and children of various special needs.

#### 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 2015.

There was no reportable occupational illness from our employees or contracted manpower in 2015.

#### 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 2015 were approved and authorized for their issuance by the Board of Directors on 21 September 2015.

#### Investment in Associated Company

The shareholders in their annual general meeting in 2013 had given approval for an investment of upto Rs.200 million in an Associated Company named Rupafil PowerGen (Pvt.) Limited, under Section 208 of the Companies Ordinance, 1984 with validity of three years. However, due to alternate energy-related plans, including BMR of in-house power generation facilities and other workable solutions for energy cost control, the Company kept the investment aside and no funds were utilized.



#### A Note of Gratitude

The Directors wish to express their appreciation for the cooperation provided by the Ministries of Finance, Industries and Production, Commerce, Communication and Textile Industry. 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 in the Company. We value their trust and appreciate the continued hard work by the management and staff of the Company.

On behalf of the Board

Nooruddin Feerasta  
Chief Executive Officer

Lahore:  
21 September 2015

# Notice of Meeting

Notice is hereby given that the Thirty Fifth Annual General Meeting of Rupali Polyester Limited ("the Company") will be held at Rupali House, 241-242 Upper Mall Scheme, Anand Road, Lahore on Friday, 30 October 2015 at 10:00 a.m. to transact the following business:

## Ordinary Business:

- 1) To confirm the minutes of Thirty Fourth Annual General Meeting of the Company held on 31 October 2014.
- 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 2015.
- 3) To elect seven (7) Directors of the Company in accordance with the provisions of Section 178 of the Companies Ordinance, 1984 for a period of three (3) years commencing from 30 October 2015. The retiring Directors are Mr. Nooruddin Feerasta, Mr. Muhammad Rashid Zahir, Mr. Muhammad Ali Sayani, Mr. Sultan Ali Rajwany, Mr. Amin A. Feerasta, Mr. Shehzad Feerasta and Mr. Abdul Hayee.
- 4) 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.
- 5) To transact such other ordinary business as may be placed before the meeting with the permission of the Chair.

By order of the Board

Lahore:  
21 September 2015

S. Ghulam Shabbir Gilani  
Company Secretary

## Notes:

- 1) In accordance with Section 178(1) of the Companies Ordinance, 1984, the Board of Directors of the Company in its meeting held on 21 September 2015 has fixed the number of Directors to be elected as seven (7).
- 2) In terms of Section 178(3) of the Companies Ordinance, 1984, 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 178(3) of the Companies Ordinance, 1984 together with (a) consent Form-28 (b) declaration with consent to act as Director in the manner as provided in the Code of Corporate Governance 2012 with shareholding details under the Securities Act, 2015, (c) detailed profile.

- 3) Share transfer books of the Company will remain closed from 22 October 2015 to 30 October 2015 (both days inclusive).
- 4) 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.
- 5) 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.

- 6) **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, Ground Floor, State Life Building No. 3,



Dr. Ziauddin Ahmed Road, Karachi – 75530". 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 all future dividend warrants may be withheld.

#### 7) 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, auditor's 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.

Company Secretary:shabbir.gilani@rupaligroup.com

THK Associates:aa@thk.com.pk

#### 8) E-Dividend

In compliance of Securities and Exchange Commission of Pakistan Circular No. 8(4) SM/CDC 2008 dated 5 April 2013 shareholders are informed that to make process of payment of cash dividend more efficient, e-dividend mechanism has been envisaged whereby shareholders can get the amount of dividend credited into their respective bank accounts electronically without any delay. In addition, by this way, dividends may be instantly credited to respective accounts.

The shareholders can avail the benefit of e-dividend mechanism by providing a dividend mandate in their CDC account through their participants or Share Registrar or directly to us for any future dividend, if declared.

#### 9) Filer and Non Filer Status

- i) The Government of Pakistan through Finance Act, 2015 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 12.5%
- b) For non-filers of income tax return 17.5%

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.

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



# Statement under Rule 4(2) of the Companies

(Investment in Associated Companies or Associated Undertakings)

Regulations, 2012

Name of the investee Company	Rupafil PowerGen (Pvt.) Limited
Total Investment Approved	Upto Rupees Two Hundred Million was approved by the members in their meeting held on 31 October 2013 for a period of three (3) years.
Amount of investment made to date	NIL
Reason for not having made complete investment so far where resolution required it to be implemented in specified time.	Owing to some alternate energy-related plans, including BMR of in-house power generation facilities and other workable solutions for energy cost control, the Company kept the investment in Associated Company in abeyance and during the year ended 30 June 2015 no funds were released to the Associated Company.
Material Change in financial statement of associated company or associated undertaking since date of the resolution passed for approval of investment in such company.	NIL



# Statement of Compliance

## with the Code of Corporate Governance

Name of Company	- Rupali Polyester Limited
Year Ended	- 30 June 2015

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in listing regulations of Karachi, Lahore and Islamabad Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance. The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the Board includes:

Category	Names
Independent Directors	Mr. Sultan Ali Rajwany
Executive Directors	Mr. Nooruddin Feerasta Mr. Abdul Hayee
Non-Executive Directors	Mr. Muhammad Rashid Zahir Mr. Muhammad Ali Sayani Mr. Amin A. Feerasta Mr. Shehzad Feerasta

The independent director meets the criteria of independence under clause i(b) of CCG.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding Companies where applicable).
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBF1 or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. A casual vacancy occurred on the Board on 20 October 2014 which was filled up by the Directors within specified time limit.
5. 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.
6. 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.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors have been taken by the board/shareholders.
8. 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 and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The directors are fully in compliance with the provision with regard to their training programs except new co-opted director. Pursuant to the election of directors this year, the Company shall make a plan of directors training as per criteria defined in the CCG.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by the CEO and CFO before approval of the board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The board has formed an audit committee. It comprises 3 members, all of whom are non-executive directors and the Chairman of the committee is an independent director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises 3 members, majority of whom are non-executive directors and the Chairman of the committee is a non-executive director.
18. The board has set-up an effective internal audit function. The Head of Internal Audit and Audit team are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
19. 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, 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.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchanges.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.
23. We confirm that all other material principles enshrined in the CCG have been complied with.

For and on behalf of the Board of Directors

Nooruddin Feerasta  
Chief Executive Officer

Lahore:  
21 September 2015



# Review Report to the Members on Statement of Compliance with the Best Practices of the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of RUPALI POLYESTER LIMITED ("the Company") for the year ended 30 June 2015 to comply with the requirements of Listing Regulations of the Karachi, Lahore & Islamabad Stock Exchanges, where the Company is listed.

The responsibility for compliance with the Code 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 Code and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 Code.

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 Directors' 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 Code requires 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 distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of approval of related party transactions by the Board of Directors and upon recommendation of the audit committee. We have not carried out any procedures to determine 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 best practices contained in the Code as applicable to the Company for the year ended 30 June 2015.

Lahore:  
21 September 2015

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



## Auditors' Report to the Members

We have audited the annexed balance sheet of RUPALI POLYESTER LIMITED as at 30 June 2015 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

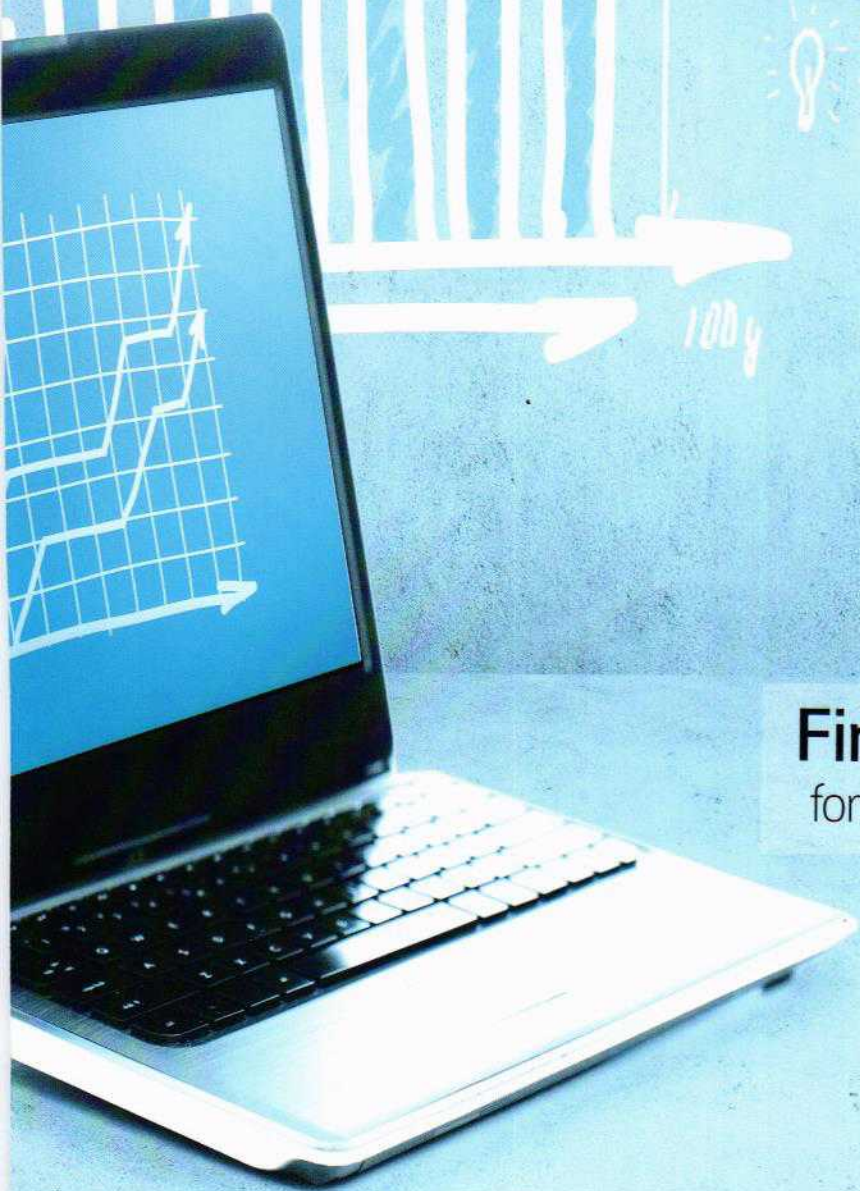
We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
  - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
  - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2015 and of the loss, total comprehensive loss, its cash flows and changes in the equity for the year then ended; and
- d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Lahore:  
Date: 21 September 2015

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





# Financial Statements

for the year ended 30 June 2015

# Balance Sheet

as at 30 June 2015

	Note	30 June 2015 (Rupees '000)	30 June 2014 (Rupees '000)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	1,729,858	1,630,402
Investment property	6	325,000	-
Long term deposits	7	4,361	4,361
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools	8	783,764	802,530
Stock-in-trade	9	724,138	894,259
Trade debts	10	1,552	4,748
Loans and advances	11	22,788	17,197
Trade deposits and short-term prepayments	12	5,398	1,557
Other receivables	13	459,628	385,121
Taxation - net	14	212,345	181,955
Cash and bank balances	15	19,568	132,923
		2,229,181	2,420,290
		4,288,400	4,055,053
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital 35,000,000 (2014: 35,000,000) ordinary shares of Rs. 10 each		350,000	350,000
Issued, subscribed and paid-up capital	16	340,685	340,685
Reserves	17	732,204	1,122,104
		1,072,889	1,462,789
Surplus on revaluation of freehold land	18	293,388	-
		1,366,277	1,462,789
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing	19	283,314	146,315
Staff retirement benefits	20	105,313	85,362
Deferred taxation	21	265,888	284,876
Liabilities against assets subject to finance lease	22	4,402	-
		658,917	516,553
<b>CURRENT LIABILITIES</b>			
Trade and other payables	23	927,618	592,128
Short-term borrowings	24	1,306,341	1,457,948
Accrued mark-up		28,404	25,635
Current portion of liabilities against assets subject to finance lease		843	-
		2,263,206	2,075,711
<b>CONTINGENCIES AND COMMITMENTS</b>			
	25		
		4,288,400	4,055,053

The annexed notes 1 to 43 form an integral part of these financial statements.

Nooruddin Feerasta  
Chief Executive Officer

Abdul Hayee  
Director



# Profit and Loss Account

for the year ended 30 June 2015

	Note	30 June 2015 (Rupees '000)	30 June 2014 (Rupees '000)
Sales	26	4,841,940	5,952,659
Cost of goods sold	27	(4,982,459)	(6,219,222)
Gross loss		(140,519)	(266,563)
Selling and distribution expenses	28	(12,006)	(10,538)
Administrative and general expenses	29	(137,300)	(133,207)
Other charges	30	(1,550)	-
Other income	31	57,574	48,887
Operating loss		(233,801)	(361,421)
Finance cost	32	(167,297)	(118,437)
Loss before taxation		(401,098)	(479,858)
Taxation	33	16,651	76,574
Loss after taxation		(384,447)	(403,284)
Earnings per share - basic and diluted	34	(11.28)	(11.84)

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

The annexed notes 1 to 43 form an integral part of these financial statements.

Nooruddin Feerasta  
Chief Executive Officer

Abdul Hayee  
Director

# Statement of Comprehensive Income

for the year ended 30 June 2015

	Note	30 June 2015 (Rupees '000)	30 June 2014 (Rupees '000)
Loss after taxation		(384,447)	(403,284)
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss:			
- Remeasurement loss on defined benefit obligation	20	(7,790)	-
- Deferred tax credit relating to remeasurement of defined benefit obligation		2,337	
Items that may be reclassified subsequently to profit or loss:			
- Surplus on revaluation of freehold land	5.1	293,388	-
Other comprehensive income for the year		287,935	-
<b>Total comprehensive loss</b>		<b>(96,512)</b>	<b>(403,284)</b>

The annexed notes 1 to 43 form an integral part of these financial statements.

Nooruddin Feerasta  
Chief Executive Officer

Abdul Hayee  
Director



# Cash Flow Statement

for the year ended 30 June 2015

	Note	30 June 2015 (Rupees '000)	30 June 2014 (Rupees '000)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash generated from / (used in) operations	35	357,255	(212,035)
Finance costs paid		(164,528)	(106,143)
Income tax paid		(30,390)	(27,171)
Staff retirement benefits paid		(9,216)	(10,152)
Profit received		1,816	2,386
Net Cash inflow / (outflow) from operating activities		154,937	(353,115)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(259,771)	(197,127)
Proceeds from disposal of property, plant and equipment		886	770
Long-term deposits		-	(80)
Net cash outflow from investing activities		(258,885)	(196,437)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Long-term financing		136,999	146,315
Liabilities against assets subject to finance lease		5,245	-
Net cash inflow from financing activities		142,244	146,315
Net increase / (decrease) in cash and cash equivalents		38,296	(403,237)
Cash and cash equivalents at the beginning of the year		(1,325,025)	(921,810)
Effect of exchange rate fluctuations		(44)	22
Cash and cash equivalents at the end of the year		(1,286,773)	(1,325,025)
<b>Cash and cash equivalents</b>			
Cash and bank balances	15	19,568	132,923
Short-term borrowings	24	(1,306,341)	(1,457,948)
		(1,286,773)	(1,325,025)

The annexed notes 1 to 43 form an integral part of these financial statements.

Nooruddin Feerasta  
Chief Executive Officer

Abdul Hayee  
Director



# Statement of Changes in Equity

for the year ended 30 June 2015

Rupees in thousand

	Issued, subscribed and paid-up capital	Capital Reserves Share premium (note-17)	Revenue Reserves		Total Equity	Surplus on revaluation of freehold land	Total
			General reserve	Accumulated Loss			
Balance as on 01 July 2013	340,685	71,490	1,664,125	(210,227)	1,866,073	-	1,866,073
Total Comprehensive loss							
- Loss for the year ended 30 June 2014	-	-	-	(403,284)	(403,284)	-	(403,284)
- Other comprehensive income for the year ended 30 June 2014	-	-	-	-	-	-	-
	-	-	-	(403,284)	(403,284)	-	(403,284)
Balance as on 30 June 2014	340,685	71,490	1,664,125	(613,511)	1,462,789	-	1,462,789
Balance as on 01 July 2014	340,685	71,490	1,664,125	(613,511)	1,462,789	-	1,462,789
Total Comprehensive loss							
- Loss for the year ended 30 June 2015	-	-	-	(384,447)	(384,447)	-	(384,447)
- Other comprehensive income for the year ended 30 June 2015	-	-	-	(5,453)	(5,453)	293,388	287,935
	-	-	-	(389,900)	(389,900)	293,388	(96,512)
Balance as on 30 June 2015	340,685	71,490	1,664,125	(1,003,411)	1,072,889	293,388	1,366,277

The annexed notes 1 to 43 form an integral part of these financial statements.

Nooruddin Feerasta  
Chief Executive Officer

Abdul Hayee  
Director



# Notes to the Financial Statements

for the year ended 30 June 2015

## 1 Legal status and nature of business

RUPALI POLYESTER LIMITED ("the Company") was incorporated in Pakistan on 24 May 1980 under the Companies Act, 1913 (now the Companies Ordinance, 1984) as a Public Limited Company and is quoted on the Karachi, Lahore and Islamabad Stock Exchanges. The registered office of the Company is situated at 241-242 Upper Mall Scheme, Anand Road, Lahore. It is principally engaged in the manufacture and sale of polyester products.

## 2 Basis of preparation

### 2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and requirements of Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by Securities and Exchange Commission of Pakistan differ with the requirements of IFRS, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives shall prevail.

### 2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for recognition of certain staff retirement benefits at present value and investment properties at fair value.

The Company's significant accounting policies are stated in note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

#### a) Provision for taxation

The Company takes into account the current income tax law and the decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its views on items of material nature are in accordance with law, the amounts are disclosed as contingent liabilities.

#### b) Useful lives and residual values of property, plant and equipment

The Company reviews the useful lives of property, plant and equipment on regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.



# Notes to the Financial Statements

for the year ended 30 June 2015

## 3 New standards, interpretations and amendments to published approved accounting standards

3.1 The following amendments to approved accounting standards became effective during the year which do not have a significant impact on the Company's financial statements:

		Effective for periods beginning on or after
IFRS 2	Share-based payment - Amendments resulting from annual improvements 2010-2012	July 01, 2014
IFRS 3	Business combinations - Amendments resulting from annual improvements 2010-2012	July 01, 2014
IFRS 8	Operating segments - Amendments resulting from annual improvements 2010-2012	July 01, 2014
IFRS 10	Consolidated financial statements - Amendments for investment entities	January 01, 2014
IFRS 12	Disclosure of interests in other entities - Amendments for investment entities	January 01, 2014
IFRS 13	Fair value measurement - Amendments resulting from annual improvements 2011-2013	July 01, 2014
IAS 16	Property, plant and equipment - Amendments for proportionate restatement of accumulated depreciation	July 01, 2014
IAS 19	Employee benefits - Amendments to clarify the requirements that relate to how contributions from employees or third parties that are linked to services to defined benefit plans should be attributed to employees' periods of service	July 01, 2014
IAS 24	Related party disclosures - Amendments relating to management entities	July 01, 2014
IAS 27	Separate financial statements - Amendments for investment entities	January 01, 2014
IAS 32	Financial instruments: presentation - Amendments relating to offsetting of assets and liabilities	January 01, 2014
IAS 36	Impairment of assets - Amendments arising from recoverable amount disclosure for non-financial assets	January 01, 2014
IAS 38	Intangible assets - Amendments for proportionate restatement of accumulated amortisation on revaluation	July 01, 2014
IAS 39	Financial instruments: Recognition and measurements - Amendments for novation of derivatives	January 01, 2014
IAS 40	Investment property - Amendments resulting from annual improvements 2011-2013	July 01, 2014

3.2 Standards, amendments and interpretations to existing accounting standards that are not yet effective and have not been early adopted by the Company are as follows:

IFRS 5	Non current assets held for sale and discontinued operations - Amendments resulting from September 2014 annual improvements to IFRSs	January 01, 2016
IFRS 7	Financial instruments: disclosures - Amendments resulting from September 2014 annual improvements to IFRSs	January 01, 2016
IFRS 9	Financial instruments - Amendments for incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition	January 01, 2018
IFRS 10	Consolidated financial statements - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture and regarding the application of consolidation exception	January 01, 2016
IFRS 11	Joint arrangements - Amendments regarding the accounting for acquisition of an interest in a joint operation	January 01, 2016
IFRS 12	Disclosure of interests in other entities - Amendments regarding the application of consolidation exception	January 01, 2016
IFRS 14	Regulatory deferred accounts	January 01, 2016



# Notes to the Financial Statements

for the year ended 30 June 2015

		Effective for periods beginning on or after
IFRS 15	Revenue from contracts with customers	January 01, 2017
IAS 1	Presentation of financial statements - Amendments resulting from disclosure initiative	January 01, 2016
IAS 16	Property, plant and equipment - Amendments regarding the clarification of acceptable methods of depreciation and bringing bearer plants into the scope of IAS 16	January 01, 2016
IAS 19	Employee benefits - Amendments resulting from September 2014 annual improvements	January 01, 2016
IAS 27	Separate financial statements	January 01, 2016
IAS 28	Investment in associate and joint ventures	January 01, 2016
IAS 34	Interim financial reporting - Amendments resulting from September 2014 annual improvements	January 01, 2016
IAS 38	Intangible assets - Amendments regarding the clarification of acceptable method of amortisation	January 01, 2016

The management anticipates that the adoption of the above standards and amendments in future periods will have no material impact on the Company's financial statements.

3.3 Further, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan, for the purpose of their applicability in Pakistan:

IFRS 1 - First Time Adoption of International Financial Reporting Standards

IFRS 9 - Financial Instruments

## 4 Significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

### 4.1 Property, plant and equipment

#### 4.1.1 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 cost.

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 5, 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.

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 2015

## 4.1.2 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.

## 4.2 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.

## 4.3 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 the investment property is based on active market price.

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.

## 4.4 Financial instruments

### 4.4.1 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.

#### 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.



# Notes to the Financial Statements

for the year ended 30 June 2015

## 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 of 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.

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.

# Notes to the Financial Statements

for the year ended 30 June 2015

## 4.4.2 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.

## 4.4.3 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.

## 4.5 Advances, deposits and prepayments

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

## 4.6 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 charges paid thereon. Provision is made for slow moving and obsolete items.

## 4.7 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 charges 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.

## 4.8 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.

## 4.9 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.

## 4.10 Staff retirement benefits

### 4.10.1 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 2015 (refer note 20).



# Notes to the Financial Statements

for the year ended 30 June 2015

## 4.10.2 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.

## 4.11 Taxation

### 4.11.1 Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from assessments framed / finalised during the year.

### 4.11.2 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.

## 4.12 Compensated absences

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

## 4.13 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.

## 4.14 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.

## 4.15 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 charges on long-term and short-term borrowings are charged to profit in the period in which they are incurred.



# Notes to the Financial Statements

for the year ended 30 June 2015

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.

#### 4.16 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.

#### 4.17 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.

#### 4.18 Transactions with related parties

All transactions with related parties are entered into at arm's length basis as disclosed in note 38 (as defined in the Companies Ordinance, 1984).

#### 4.19 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.

	Note	30 June 2015 (Rupees '000)	30 June 2014 (Rupees '000)
5			
Property, plant and equipment			
Operating fixed assets	5.1	1,711,913	1,532,078
Capital work -in- progress	5.4	17,945	98,324
		<u>1,729,858</u>	<u>1,630,402</u>



# Notes to the Financial Statements

as at 30 June 2015

5.1 Operating fixed assets	Rupees in thousand											
	Owned Assets					Assets subject to finance lease					Total	
	Freehold Land	Building	Roads	Plant & machinery	Furniture & fittings	Vehicles	Office equipment	Other assets	Sub-total	Vehicles		Sub-total
	Factory on freehold land	Office on freehold land	Office on leased land									
Net carrying value basis												
Year ended 30 June 2015												
Opening net book value (NBV)	27,784	15,640	161,938	1,218,610	12,147	5,675	25,360	2,692	1,532,078	-	-	1,532,078
Additions (at cost)	-	26,499	-	300,301	-	4,199	2,633	62	333,694	6,456	6,456	340,150
Revaluation surplus - note 18	293,388	-	-	-	-	-	-	-	293,388	-	-	293,388
Transfers - note 6 (at NBV)	(300,000)	-	-	-	-	-	-	-	(300,000)	-	-	(300,000)
Disposals / write offs:												
- Cost	-	-	-	-	-	(3,955)	-	-	(3,955)	-	-	(3,955)
- Accumulated depreciation	-	-	-	-	-	3,063	-	-	3,063	-	-	3,063
Depreciation Charge	-	(782)	(8,097)	(130,938)	(1,215)	(892)	(2,624)	(271)	(152,546)	(265)	(265)	(152,811)
Closing net book value (NBV)	21,172	14,858	153,841	1,387,973	10,932	7,609	25,369	2,483	1,705,722	6,191	6,191	1,711,913
Gross carrying value basis												
As at 30 June 2015												
Cost	21,172	25,188	220,873	3,372,563	30,158	17,973	77,920	6,863	4,022,523	6,456	6,456	4,028,979
Accumulated depreciation	-	(10,330)	(67,032)	(1,984,590)	(19,226)	(10,364)	(52,551)	(4,380)	(2,316,801)	(265)	(265)	(2,317,066)
Net book value (NBV)	21,172	14,858	153,841	1,387,973	10,932	7,609	25,369	2,483	1,705,722	6,191	6,191	1,711,913
Depreciation rate p.a. (%)	-	5	5	10	10	20	10	10	-	20	20	-
Net carrying value basis												
Year ended 30 June 2014												
Opening net book value (NBV)	27,784	16,463	169,965	1,212,869	13,365	3,962	24,965	2,897	1,540,900	-	-	1,540,900
Additions (at cost)	-	396	481	128,910	122	2,889	3,025	90	135,913	-	-	135,913
Disposals / write offs:												
- Cost	-	-	-	-	-	(1,108)	(78)	-	(1,186)	-	-	(1,186)
- Accumulated depreciation	-	-	-	-	-	1,071	68	-	1,139	-	-	1,139
Depreciation Charge	-	(823)	(8,508)	(123,169)	(1,340)	(37)	(10)	(295)	(144,688)	-	-	(144,688)
Closing net book value (NBV)	27,784	15,640	161,938	1,218,610	12,147	5,675	25,360	2,692	1,532,078	-	-	1,532,078
Gross carrying value basis												
As at 30 June 2014												
Cost	27,784	218,476	220,873	3,072,262	30,158	17,729	75,287	6,801	3,699,396	-	-	3,699,396
Accumulated depreciation	-	(157,806)	(9,548)	(1,853,652)	(18,011)	(12,054)	(49,927)	(4,109)	(2,167,318)	-	-	(2,167,318)
Net book value (NBV)	27,784	60,670	161,938	1,218,610	12,147	5,675	25,360	2,692	1,532,078	-	-	1,532,078
Depreciation rate p.a. (%)	-	10	5	10	10	20	10	10	-	20	20	-

5.2 The depreciation charge has been allocated as follows:

	Note	30 June 2015 (Rupees '000)	30 June 2014 (Rupees '000)
Cost of goods sold	27	138,455	130,258
Selling and distribution expenses	28	718	721
Administrative and general expenses	29	13,638	13,709
		<u>152,811</u>	<u>144,688</u>

# Notes to the Financial Statements

as at 30 June 2015

## 5.3 Disposal of operating fixed assets

The following assets were disposed off during the year:

							Rupees in thousand	
Particulars of assets	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Gain / (Loss) on Disposal	Mode of Disposal	Particulars of Buyers	
<b>Vehicles</b>								
Toyota Corolla Car	593	586	7	7	-	Negotiation	Rupali Foods (Pvt.) Ltd	
Civic car	1,534	1,228	306	306	-	Negotiation	Rupali Foods (Pvt.) Ltd	
Civic car	1,828	1,249	579	573	(6)	Negotiation	Rupali Foods (Pvt.) Ltd	
	3,955	3,063	892	886	(6)			
2015	3,955	3,063	892	886	(6)			
2014	1,186	1,139	47	770	723			

	Note	30 June 2015 (Rupees '000)	30 June 2014 (Rupees '000)
<b>5.4 Capital work-in-progress</b>			
Civil works		307	12,810
Plant and machinery		17,629	85,173
Office equipment		9	111
Furniture and fixture		-	230
		17,945	98,324

## 6 Investment property

Fair value at the beginning of the year		-	-
Transfer from owners' occupied property:	6.1		
- Freehold land			
Carrying amount at the date of transfer		6,612	-
Surplus on revaluation at the date of transfer		293,388	-
Fair value at the date of transfer	5.1	300,000	-
Fair value gain during the period	6.2	25,000	-
Fair value at the end of the year		325,000	-



# Notes to the Financial Statements

as at 30 June 2015

6.1 The Company transferred a piece of land measuring five kanals out of property, plant and equipment and designated it as an investment property because of change in management's intention of such property. The resulting difference between the carrying amount and the fair value of such land at the date of transfer has been recognised as revaluation surplus in accordance with the requirement of IAS-40 'Investment Properties'.

6.2 The fair value of investment property was determined at 30 June 2015 by an independent valuer having relevant professional qualifications. The fair value was determined on the basis of professional assessment of the current prices in an active market for similar properties in the same location and condition.

	Note	30 June 2015 (Rupees '000)	30 June 2014 (Rupees '000)
7			
Long term deposits			
Security deposits		4,361	4,361
		<u>4,361</u>	<u>4,361</u>
8			
Stores, spares and loose tools			
Stores			
- In hand	8.1	106,137	126,042
- In transit		3,201	5,002
		109,338	131,044
Spares			
- In hand		665,004	656,890
- In transit		3,196	8,696
		668,200	665,586
Loose tools			
- In hand		6,226	5,900
		<u>783,764</u>	<u>802,530</u>
8.1			
This includes fuel for power and steam generation amounting to Rs. 25.339 million (2014: Rs. 46.298 million).			
9			
Stock-in-Trade			
Raw and packing materials			
- In hand		276,706	286,272
- In transit		318	-
		277,024	286,272
Work-in-process		37,713	18,942
Finished goods	9.1	409,401	589,045
		<u>724,138</u>	<u>894,259</u>

9.1 Finished goods of Rs. 158.478 million (2014: Rs. 518.668 million) are being carried at net realisable value and an amount of Rs. 12.782 million (2014: Rs. 26.123 million) has been charged to cost of goods sold.

# Notes to the Financial Statements

as at 30 June 2015

	Note	30 June 2015 (Rupees '000)	30 June 2014 (Rupees '000)
10	Trade debts		
	Considered good - Unsecured	1,552	4,748
		<u>1,552</u>	<u>4,748</u>
11	Loans and advances - Considered good		
	Loans due from		
	- Executives	11.1 -	77
	- Non-Executives	11.1 1,857	990
		1,857	1,067
	Advances due from		
	- Staff against expenses	236	196
	- Suppliers and contractors	20,695	15,934
		20,931	16,130
		<u>22,788</u>	<u>17,197</u>

11.1 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 36 equal monthly instalments. These loans carry mark-up at the rate of 14.00% (2014: 14.00%) per annum. The maximum aggregate amount of loans and advances due from executives at the end of any month during the year was Rs. 0.362 million (2014: Rs. 0.188 million). None of these loans are outstanding for more than 3 years. Further, the chief executive officer and directors have not taken any loan or advance from the Company.

	Note	30 June 2015 (Rupees '000)	30 June 2014 (Rupees '000)
12	Trade deposits and short-term prepayments		
	Deposits - Considered good		
	Margin on bank guarantees	265	265
	Prepayments - Considered good		
	Prepaid rent	3,607	-
	Prepaid insurance	508	495
	Other prepayments	1,018	797
		<u>5,398</u>	<u>1,557</u>
13	Other Receivables		
	Considered good		
	Due from associated companies	13.1 28	40
	Due from other related parties	13.2 41,941	41,595
	Insurance claim receivable	866	202
	Sales tax refundable	397,701	323,354
	Others	1,497	2,407
		<u>442,033</u>	<u>367,598</u>



# Notes to the Financial Statements

as at 30 June 2015

	Note	30 June 2015 (Rupees '000)	30 June 2014 (Rupees'000)
<b>Considered doubtful</b>			
Sales tax refundable		28,513	28,513
Less: Provision for doubtful receivables	13.3	(26,821)	(26,821)
		1,692	1,692
Others		15,903	15,831
		<u>459,628</u>	<u>385,121</u>

13.1 Maximum amount due from associated companies at the end of any month during the year was Rs. 0.069 million (2014: Rs. 33.857 million). The amount due from associated companies are in the normal course of business and are interest free.

13.2 Maximum amount due from other related parties at the end of any month during the year was Rs. 41.944 million (2014: Rs. 42.347 million). The amount due from other related parties are in the normal course of business and are interest free.

13.3 This includes provision for doubtful receivable amounting to Rs. 24.204 million (2014: 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.

	Note	30 June 2015 (Rupees '000)	30 June 2014 (Rupees'000)
<b>14 Taxation - Net</b>			
Advance tax		212,345	181,955
Provision for taxation	33	-	-
		<u>212,345</u>	<u>181,955</u>

The income tax assessment of the Company has been finalized upto Tax Year 2014 (accounting year ended 30 June 2014). Return for the tax year 2014 has been duly filed and no provision has been made in these financial statements for the year ended 30 June 2015 (Tax Year 2015) - please refer to note 33.1 for details.

	Note	30 June 2015 (Rupees '000)	30 June 2014 (Rupees'000)
<b>15 Cash and bank balances</b>			
Balance with banks			
- Current accounts		8,512	90,292
- PLS Accounts			
- Local currency	15.1	10,585	42,540
- Foreign currency	15.2	19	18
		19,116	132,850
Cash in hand			
- Local currency		360	61
- Foreign currency		92	12
		452	73
		<u>19,568</u>	<u>132,923</u>

15.1 The balances in PLS accounts carry mark-up rate ranging between 4.5% to 9.8% (2014: 6.00% to 9.80%) for local currency and Nil (2014: Nil) for foreign currency.

15.2 Cash at banks in PLS accounts include US \$ 181.12 (2014: US \$ 181.12).



# Notes to the Financial Statements

as at 30 June 2015

## 20 Staff retirement benefits

### 20.1 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 2015, using the Projected Unit Credit Method.

#### 20.1.1 Principal actuarial assumptions

Following are a few important actuarial assumptions used in valuation:

	30 June 2015	30 June 2014
Discount rate (%) per annum	9	10
Expected rate of salary increase in future years (%) per annum	8	9
Average expected remaining working life time of employees (years)	7	7
Average duration of liability (years)	6	7

	Note	30 June 2015 (Rupees '000)	30 June 2014 (Rupees '000)
<b>20.1.2 The amount recognised in the balance sheet</b>			
Present value of defined benefit obligation	20.1.3	105,313	85,362
Less: fair value of plan assets		-	-
Defined benefit liability at the end of the year		105,313	85,362
<b>20.1.3 Reconciliation of present value of defined benefit obligation</b>			
Present value at the beginning of the year		85,362	80,175
Charge for the year - Profit and loss account	20.1.4	21,377	15,339
Charge for the year - Other comprehensive income	20.1.5	7,790	-
Benefits paid during the year		(9,216)	(10,152)
Present value at the end of the year		105,313	85,362
<b>20.1.4 Amount chargeable to profit or loss for the year</b>			
Current service cost		13,302	7,321
Net interest cost		8,075	8,018
		21,377	15,339
<b>20.1.5 Remeasurement of net defined benefit liability</b>			
Actuarial (gains) / losses due to changes in demographic assumptions		(254)	-
Actuarial (gains) / losses due to experience assumptions		8,044	-
		7,790	-

# Notes to the Financial Statements

as at 30 June 2015

	Note	30 June 2015 (Rupees '000)	30 June 2014 (Rupees '000)
20.1.6 Charge for the year has been allocated as follows:			
Cost of goods sold	27	13,728	10,538
Selling and distribution expenses	28	383	240
Administrative and general expenses	29	7,266	4,561
		<u>21,377</u>	<u>15,339</u>

## 20.1.7 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.

	Effect of 1% increase (Rupees '000)	Effect of 1% decrease (Rupees '000)
Present value in case of discount rate	98,358	113,308
Present value in case of future salary growth	113,308	98,237

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.

## 20.2 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.

20.2.1 The Trustees have intimated that the size of the Fund at the year end was Rs. 25.385 million (2014: Rs. 24.640 million).

20.2.2 As intimated by the Trustees, the cost of investments made at the year end was Rs. 25.157 million (2014: Rs. 24.370 million), 99.10% of the total fund size (2014: 98.90%). Since the aforementioned funds are invested in PLS accounts therefore, the fair value of the investments equals its cost.

20.2.3 According to the Trustees, investments out of the provident fund have been made in accordance with the provisions of Section 227 of Companies Ordinance, 1984 and the rules made there under.



# Notes to the Financial Statements

as at 30 June 2015

	Note	30 June 2015 (Rupees '000)	30 June 2014 (Rupees '000)
21	Deferred taxation		
	Deferred tax liability on taxable temporary differences		
	- Accelerated tax depreciation allowance	293,834	313,899
	Deferred tax asset		
	- On unutilised tax losses	(25,609)	(29,023)
	- Defined benefit obligation	(2,337)	-
		<u>265,888</u>	<u>284,876</u>

21.1 The Company has assessed unutilised tax losses of Rs. 935.362 million to be off set against future taxable profits and deferred tax asset arising thereon amounts to Rs. 280.609 million. Based on the forecast provided by the management deferred tax asset only to the extent of anticipated future taxable profits of Rs. 85.362 million, had been recognised in last year.

		30 June 2015 (Rupees '000)	30 June 2014 (Rupees '000)
22	Liabilities against assets subject to finance lease		
	Minimum lease payments		
	- payable within one year	1,238	-
	- payable after one year but before five years	5,206	-
		6,444	-
	Future financial charges		
	- payable within one year	395	-
	- payable after one year but before five years	804	-
		1,199	-
	Present value of minimum lease payments		
	- payable within one year	843	-
	- payable after one year but before five years	4,402	-
		5,245	-
	Current portion shown under current liabilities	(843)	-
	Non-current portion	4,402	-

22.1 Future minimum lease payments have been discounted at implicit interest rates ranging from 8.12% to 11.44% (2014: nil) per annum to arrive at their present values. Rentals are payable in advance in monthly instalments. 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 that the Company will exercise this option at maturity.

	Note	30 June 2015 (Rupees '000)	30 June 2014 (Rupees '000)
23	Trade and other payables		
	Creditors	845,985	537,008
	Due to associated companies	966	39
	Accrued liabilities	51,871	39,449
	Advances from customers	14,670	1,039
	Retention money	3,708	2,135
	Payable to provident fund	295	345



# Notes to the Financial Statements

as at 30 June 2015

	Note	30 June 2015 (Rupees '000)	30 June 2014 (Rupees '000)
Income tax deducted at source		433	280
Workers' profit participation fund	23.2	7,508	7,508
Unclaimed dividend		1,111	1,114
Other payables		1,071	3,211
		<u>927,618</u>	<u>592,128</u>
<b>23.1 Due to associated companies</b>			
These are in the normal course of business and are interest free.			
<b>23.2 Workers' profit participation fund</b>			
Balance at the beginning of the year		7,508	7,538
Add: Allocation for the year		-	-
Less: Amount paid to the trustees of the fund		-	(30)
Balance at the end of the year		<u>7,508</u>	<u>7,508</u>
<b>24 Short-term borrowings</b>			
<b>From banking companies - secured</b>			
Running finances under mark-up arrangements from banks	24.1 & 24.2	1,306,341	1,024,948
Term finances under mark-up arrangements from banks	24.1	-	433,000
		<u>1,306,341</u>	<u>1,457,948</u>

**24.1** The aggregate finance facilities available from various commercial banks amounted to Rs. 1,981.242 million (2014: Rs. 1,700 million). These carry mark-up at the rates ranging from 7.18% to 11.68% (2014: 9.26% to 10.94%) p.a. and are secured against hypothecation charge on current assets of Rs. 2,794.256 million (2014: Rs. 2,074.265 million) and promissory notes of Rs. 1,658.131 million (2014: Rs. 2,061.356 million) respectively. Maximum amount utilised during the year ended 30 June 2015 amounted to Rs. 1,598.020 million (2014: Rs. 1,070.11 million).

**24.2** The facilities for opening letter of credit from various commercial banks as at 30 June 2015 aggregates to Rs. 2,014.060 million (2014: Rs. 2,350 million) of which the amount remained unutilised at the year-end was Rs. 964.936 million (2014: Rs. 1,662.82 million).

## 25 Contingencies and commitments

### 25.1 Contingencies:

**25.1.1** Guarantees issued to different organizations in the normal course of business amounted to Rs. 66.314 million (2014: Rs. 66.314 million).

**25.1.2** No outstanding guarantees were given on behalf of related parties as at 30 June 2015 and 2014.

### 25.2 Commitments:

**25.2.1** Contracts for capital expenditure commitments outstanding as at 30 June 2015 amounted to Rs. 93.432 million (2014: Rs. 217.263 million).

**25.2.2** Commitments against irrevocable letters of credit as at 30 June 2015 amounted to Rs. 1,049.124 million (2014: Rs. 687.172 million).



# Notes to the Financial Statements

for the year ended 30 June 2015

	Note	30 June 2015 (Rupees '000)	30 June 2014 (Rupees '000)
<b>26 Sales</b>			
Gross sales - local		4,956,049	6,084,455
Less:			
- Commission / discount		(16,211)	(11,836)
- Sales Tax		(97,898)	(119,960)
		(114,109)	(131,796)
		<u>4,841,940</u>	<u>5,952,659</u>
<b>27 Cost of goods sold</b>			
Raw and packing materials consumed		3,745,990	5,029,799
Stores and spares consumed		59,839	52,863
Salaries, wages and amenities	27.1	214,419	198,279
Fuel and power		603,733	906,721
Repair and maintenance		28,841	26,110
Running and maintenance of vehicles		12,732	14,687
Insurance		15,084	15,610
Depreciation	5.2	138,455	130,258
Rent, rates and taxes		924	859
Other expenses		1,569	2,163
Manufacturing cost		<u>4,821,586</u>	<u>6,377,349</u>
Add: Opening Work-in-Process		18,942	51,584
Less: Closing Work-in-Process		(37,713)	(18,942)
Cost of goods manufactured		<u>4,802,815</u>	<u>6,409,991</u>
Add: Opening Finished Goods		589,045	398,276
Less: Closing Finished Goods		(409,401)	(589,045)
		<u>4,982,459</u>	<u>6,219,222</u>

27.1 Salaries, wages and amenities include Rs. 13.728 million (2014: Rs. 10.538 million) in respect of staff retirement benefits and Rs. 0.534 million (2014: Rs. 0.704 million) in respect of provident fund contribution.

	Note	30 June 2015 (Rupees '000)	30 June 2014 (Rupees '000)
<b>28 Selling and distribution expenses</b>			
Salaries, wages and amenities	28.1	4,244	4,011
Rent, rates and taxes		44	152
Electricity, gas and water charges		252	267
Postage, telephone and fax		103	95
Printing and stationery		141	157
Books and subscription		30	29
Running and maintenance of vehicles		75	109

# Notes to the Financial Statements

for the year ended 30 June 2015

	Note	30 June 2015 (Rupees '000)	30 June 2014 (Rupees '000)
Repair and maintenance		146	162
Travelling expenses		300	226
Entertainment		82	44
Insurance		50	85
Depreciation	5.2	718	721
Freight and forwarding		5,821	4,480
		<u>12,006</u>	<u>10,538</u>

28.1 Salaries, wages and amenities include Rs. 0.383 million (2014: Rs. 0.240 million) in respect of staff retirement benefits and Rs. 0.042 million (2014: Rs. 0.048 million) in respect of provident fund contribution.

	Note	30 June 2015 (Rupees '000)	30 June 2014 (Rupees '000)
<b>29 Administrative and general expenses</b>			
Salaries, wages and amenities	29.1	86,429	78,781
Director's remuneration		5,315	4,967
Rent, rates and taxes		835	2,878
Electricity, gas and water charges		4,781	5,065
Postage, telephone and fax		1,960	1,807
Printing and stationery		2,682	2,988
Books and subscription		562	544
Running and maintenance of vehicles		1,428	2,063
Repair and maintenance		2,777	3,087
Legal and professional charges		7,434	9,191
Travelling expenses		5,703	4,300
Entertainment		1,555	841
Auditors' remuneration	29.2	850	800
Insurance		959	1,609
Advertisement		107	370
Depreciation	5.2	13,638	13,709
Bad debts		12	-
Miscellaneous expenses		273	207
		<u>137,300</u>	<u>133,207</u>

29.1 Salaries, wages and amenities include Rs. 7.266 million (2014: Rs. 4.561 million) in respect of staff retirement benefits and Rs. 0.802 million (2014: Rs. 0.912 million) in respect of provident fund contribution.

	30 June 2015 (Rupees '000)	30 June 2014 (Rupees '000)
<b>29.2 Auditors' remuneration</b>		
Audit fee	525	475
Certification and review	85	85
Taxation services	240	240
	<u>850</u>	<u>800</u>



# Notes to the Financial Statements

for the year ended 30 June 2015

	Note	30 June 2015 (Rupees '000)	30 June 2014 (Rupees '000)
<b>30 Other charges</b>			
Charity and donation	30.1	1,500	-
Exchange loss		44	-
Loss on disposal of operating fixed assets	5.3	6	-
		<u>1,550</u>	<u>-</u>
<b>30.1</b> None of the directors and their spouses had any interest in donee institution.			
<b>31 Other income</b>			
<b>Income from financial assets</b>			
Mark-up / Interest income	31.1	2,042	2,795
Exchange gain		-	22
		<u>2,042</u>	<u>2,817</u>
<b>Income from non-financial assets</b>			
Scrap, waste and other sales - net	31.2	28,369	31,575
Remission of liabilities		2,127	2,378
Profit on disposal of operating fixed assets	5.3	-	723
Gain on remeasurement of fair value of investment property	6	25,000	-
Misc. income		36	11,394
		<u>55,532</u>	<u>46,070</u>
		<u>57,574</u>	<u>48,887</u>
<b>31.1 Mark-up / Interest income</b>			
Interest income from banks		1,816	2,386
Mark-up income on:			
- Staff loans		226	210
- Credit sales		-	199
		<u>2,042</u>	<u>2,795</u>
<b>31.2 Scrap, waste and other sales - net</b>			
Gross sales		32,172	34,868
Less: Sales tax		(3,803)	(3,293)
		<u>28,369</u>	<u>31,575</u>
<b>32 Finance cost</b>			
Mark-up on long-term and short-term borrowings		167,047	117,906
Mark-up on liabilities against assets subject to finance lease		125	-
Bank commission and other charges		125	531
		<u>167,297</u>	<u>118,437</u>

# Notes to the Financial Statements

for the year ended 30 June 2015

	Note	30 June 2015 (Rupees '000)	30 June 2014 (Rupees '000)
<b>33 Taxation</b>			
<b>Current</b>			
- for the year	33.1	-	-
- prior years		-	(30,459)
		-	(30,459)
<b>Deferred</b>			
Origination and reversal of temporary differences		16,864	(7,635)
Unutilised tax losses		-	(29,023)
Impact of change in tax rate		(33,515)	(9,457)
		(16,651)	(46,115)
		(16,651)	(76,574)

33.1 According to the Income Tax Ordinance, 2001 if the Company has declared gross loss before set off of depreciation and other inadmissible expenses, minimum income tax is not chargeable to the Company. Since the company is incurring losses and minimum tax is not chargeable to the Company, provision for current taxation is, therefore, nil.

33.2 Reconciliation between the applicable tax rate and average effective tax rate is as follows:

	Note	30 June 2015 %	30 June 2014 %
Applicable tax rate	33.2.1	33.00	34.00
Tax effect of:			
- Change in prior year tax		-	6.35
- Change in deferred tax liability		(4.20)	1.59
- Change in statutory tax rate	33.2.2	8.36	1.97
- Unutilised tax losses		-	6.05
- Others		(33.00)	(34.00)
		(28.85)	(18.04)
Average effective tax rate		4.15	15.96

33.2.1 Applicable income tax rate was reduced from 34% to 33% for the year on account of changes made to Income Tax Ordinance, 2001 through Finance Act, 2014.

33.2.2 The applicable income tax rate for subsequent years beyond Tax Year 2017 was reduced to 30% on account of changes made to Income Tax Ordinance, 2001 through Finance Act, 2015. Deferred tax, therefore, is computed at the rate of 30% applicable to the period when temporary differences are expected to be reversed / utilised.

	Note	30 June 2015	30 June 2014
<b>34 Earnings per share</b>			
<b>34.1 Earnings per share - basic</b>			
Loss for the year after taxation attributable to ordinary shareholders (Rupees in thousand)		(384,447)	(403,284)
Weighted average ordinary shares in issue during the year (No. of shares)	16	34,068,514	34,068,514
Basic earnings per share (Rupees)		(11.28)	(11.84)



# Notes to the Financial Statements

for the year ended 30 June 2015

## 34.2 Earnings per share - diluted

There is no dilutive potential ordinary shares outstanding as at 30 June 2015 and 2014.

	Note	30 June 2015 (Rupees '000)	30 June 2014 (Rupees '000)
<b>35 Cash used in operations</b>			
Loss before taxation		(401,098)	(479,858)
<i>Adjustments for non-cash and other items</i>			
Depreciation	5.2	152,811	144,688
Loss / (profit) on disposal of property, plant and equipment	5.3	6	(723)
Gain on remeasurement of fair value of investment property	6	(25,000)	-
Provision for staff retirement benefits	20.1	21,377	15,339
Exchange loss / (gain)	31	44	(22)
Remission of liabilities	31	(2,127)	(2,378)
Profit on bank deposits	31.1	(1,816)	(2,386)
Finance cost	32	167,297	118,437
		312,592	272,955
		(88,506)	(206,903)
<i>Effect on cash flow due to working capital changes</i>			
<i>Decrease / (Increase) in current assets</i>			
Stores, spares and loose tools		18,766	(10,035)
Stock-in-trade		170,121	(31,832)
Trade debts		3,196	3,414
Loans and advances		(5,591)	13,213
Trade deposits and short-term prepayments		(3,841)	1,548
Other receivables		(74,507)	(129,793)
		108,144	(153,485)
<i>Increase in current liabilities</i>			
Trade and other payables		337,617	148,353
Cash generated from / (used in) operations		357,255	(212,035)

## 36 Financial risk management

### 36.1 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.



# Notes to the Financial Statements

for the year ended 30 June 2015

(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.

5% strengthening of Pak Rupee against the following currencies at 30 June 2015 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 '000	Rupees '000
	Equity	Profit or (Loss)
Great Britain Pound	(4)	(6)
US Dollar	(5,563)	(8,303)
Japanese Yen	(70)	(104)
Euro	(86)	(128)

5 % weakening of Pak Rupee against the above currencies at period end 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:

	30 June 2015 (Rupees '000)	30 June 2014 (Rupees '000)
<b>Fixed rate instruments</b>		
Financial assets		
Loan against instalments	1,857	1,067
Financial liabilities	-	-
Net exposure	1,857	1,067
<b>Floating rate instruments</b>		
Financial assets		
Bank balances - savings accounts	10,604	42,558
Financial liabilities		
Short-term borrowings	(1,306,341)	(1,457,948)
Net exposure	(1,295,737)	(1,415,390)



# Notes to the Financial Statements

for the year ended 30 June 2015

## 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. 0.931 million (2014: Rs. 1.514 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate instruments.

### (iii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to equity price risk since there are no investments in equity instruments traded in the market at the reporting date. The Company is also not exposed to commodity price risk since it does not hold any financial instrument based on commodity prices.

### (b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from deposits with banks, trade and other receivables.

#### (i) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	30 June 2015 (Rupees '000)	30 June 2014 (Rupees '000)
Trade debts	1,552	4,748
Advances, deposits and other receivables	492,175	408,236
Bank balances	19,568	132,923
	<u>513,295</u>	<u>545,907</u>

There is no impairment loss of trade receivables as at June 30, 2015 and 2014.

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 & 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 counter party default rate:



# Notes to the Financial Statements

for the year ended 30 June 2015

	Rating		Rating Agency	30 June 2015 (Rupees '000)	30 June 2014 (Rupees '000)
	Short-term	Long-term			
Efu General Life Insurance Limited	-	AA+	JCR-VIS	508	203
Askari Bank Limited	-	AA-	JCR-VIS	4	-
Habib Bank Limited	A1+	AAA	JCR-VIS	253	471
National Bank of Pakistan	A1+	AAA	JCR-VIS	2	321
Bank Al-Habib Limited	A1+	AA+	PACRA	-	43,404
MCB Bank Limited	A1+	AAA	PACRA	-	46,099
Soneri Bank Limited	A1+	AA-	PACRA	18,857	42,559
				<b>19,624</b>	<b>133,057</b>

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.

## (c) Liquidity risk

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

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

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

The table below analyses the Company's financial liabilities 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.

	Carrying amount	Less than one year	One to five years	More than five years
	(Rupees '000)			
<b>At 30 June 2015</b>				
Long-term financing	283,314	-	283,314	-
Short-term borrowings	1,306,341	1,306,341	-	-
Trade and other payables	927,618	927,618	-	-
	<b>2,517,273</b>	<b>2,233,959</b>	<b>283,314</b>	<b>-</b>
<b>At 30 June 2014</b>				
Long-term financing	146,315	-	146,315	-
Short-term borrowings	1,457,948	1,457,948	-	-
Trade and other payables	592,128	592,128	-	-
	<b>2,196,391</b>	<b>2,050,076</b>	<b>146,315</b>	<b>-</b>



# Notes to the Financial Statements

for the year ended 30 June 2015

## 36.2 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. However, the Company does not hold any quoted financial instrument.

The financial instruments that are not traded in active market are carried at cost and are tested for impairment according to IAS 39 'Financial Instruments: Recognition and Measurement'.

The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

	30 June 2015 (Rupees '000)	30 June 2014 (Rupees '000)
<b>36.3 Financial instruments by categories</b>		
(a) Loans and receivables at amortised cost		
Assets as per balance sheet		
Trade debts	1,552	4,748
Advances, deposits and other receivables	492,175	408,236
Cash and bank balances	19,568	132,923
	<u>513,295</u>	<u>545,907</u>
(b) Financial liabilities at amortised cost		
Liabilities as per balance sheet		
Long-term financing	283,314	146,315
Trade and other payables	927,618	592,128
Short-term borrowings	1,306,341	1,457,948
Accrued mark-up	28,404	25,635
	<u>2,545,677</u>	<u>2,222,026</u>

## 36.4 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.

## 36.5 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 reviewed its capital risk management policy and obtained a long term finance to adjust its capital structure. The Company believes that such policy will help minimize its overall cost of capital and better utilisation of funds.



# Notes to the Financial Statements

for the year ended 30 June 2015

## 37 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	
	2015	2014	2015	2014	2015	2014
Managerial remuneration	-	-	3,534	3,297	34,405	25,111
House rent	-	-	1,060	989	10,322	7,533
Utilities	-	-	353	330	3,537	2,511
Medical expenses	-	-	353	330	3,440	2,511
Retirement benefits	-	-	-	-	634	569
Others	-	-	15	21	777	478
	-	-	5,315	4,967	53,115	38,713
Number of person(s)	1	1	1	1	39	27

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

37.2 No remuneration has been paid to executive and non-executive directors for attending Company meetings during the year ended 30 June 2015 and 2014.

## 38 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 37. Other significant transactions with the related parties are as follows:

			30 June 2015 (Rupees '000)	30 June 2014 (Rupees '000)
<b>38.1 Details of transaction with related parties</b>				
Name	Nature of Relationship	Nature of Transactions		
Rupafil Limited	Associated undertaking	- Sales of goods and services	374,304	898,811
		- Purchase of goods and services	924,609	707,533
Rupali Nylon (Pvt.) Limited	Associated undertaking	- Sales of goods and services	-	-
		- Purchase of goods and services	4,069	4,921
Soneri Bank Limited	Associated undertaking	- Profit on Bank Deposits	1,816	2,368
Spintex Limited	Other related party	- Sales of goods and services	-	-
		- Purchase of goods and services	103	4,126
Provident Fund Trust	Defined contribution plan	- Contribution to Provident Fund	1,378	1,664

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.

# Notes to the Financial Statements

for the year ended 30 June 2015

	30 June 2015 (Rupees '000)	30 June 2014 (Rupees '000)
<b>38.2</b>		
<b>Amount due from / (outstanding to) related parties</b>		
<b>Rupafil Limited</b>		
- Sale of goods and services	-	21
- Purchase of goods and services	(955)	-
<b>Rupali Nylon (Pvt.) Limited</b>		
- Sale of goods and services	-	-
- Purchase of goods and services	(11)	(39)
<b>Spintex Limited</b>		
- Sale of goods and services	41,941	41,595
	<b>30 June 2015</b>	<b>30 June 2014</b>
<b>39</b>	<b>(M. Tons)</b>	<b>(M. Tons)</b>
<b>Plant capacity and actual production</b>		
Annual capacity (in three shifts)		
- Yarn	10,100	10,100
- Fibre	12,000	12,000
Actual production		
- Yarn	7,527	4,518
- Fibre	19,328	23,973
	<b>30 June 2015</b>	<b>30 June 2014</b>
<b>40</b>	<b>(Nos.)</b>	<b>(Nos.)</b>
<b>Number of employees</b>		
Total number of employees at the end of the year	1,251	968
Average number of employees for the year	1,140	1,150

## 41 Date of authorization for issue

These financial statements were authorized for issue on **21 September 2015** by the Board of Directors of the Company.

## 42 Corresponding figures

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, significant reclassifications in these financial statements are as follows:

42.1 According to the Companies Ordinance, 1984, the head 'Long-term borrowings' has been changed to 'Long-term financing'.

## 43 General

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

Nooruddin Feerasta  
Chief Executive Officer

Abdul Hayee  
Director

# Pattern of Shareholding

as at 30 June 2015

Number of Shareholders	Shareholding			Total Shares Held
	From		To	
185	1	-	100	6,309
113	101	-	500	36,852
92	501	-	1000	65,975
110	1001	-	5000	266,182
20	5001	-	10000	141,942
9	10001	-	15000	119,201
4	20001	-	25000	89,189
1	30001	-	35000	34,000
2	35001	-	40000	77,379
2	45001	-	50000	99,001
2	85001	-	90000	176,500
2	110001	-	115000	230,000
1	145001	-	150000	146,482
1	205001	-	210000	209,490
1	225001	-	230000	230,000
1	255001	-	260000	256,223
1	285001	-	290000	286,000
1	305001	-	310000	306,185
1	350001	-	355000	352,811
1	395001	-	400000	398,500
1	430001	-	435000	431,662
1	455001	-	460000	456,661
1	470001	-	475000	472,022
1	480001	-	485000	483,918
1	485001	-	490000	488,010
1	815001	-	820000	816,483
1	955001	-	960000	957,000
1	2240001	-	2245000	2,240,641
1	3830001	-	3835000	3,834,290
1	8515001	-	8520000	8,519,800
1	11835001	-	11840000	11,839,806
561		Total		34,068,514



# Pattern of Shareholding

as at 30 June 2015

Categories of Shareholders	Number	Shares Held	Percentage
Individuals	533	3,891,919	11.42
Joint Stock Companies	0	0	0.00
Investment Companies	0	0	0.00
Directors, Chief Executive Officer and their Spouses and minor Children	9	996,913	2.91
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. Amin A. Feerasta		500	0.00
Mr. Shehzad Feerasta		490	0.00
Mr. Abdul Hayee		1,150	0.00
Mrs. Roshan Ara Sayani w/o Mr. Muhammad Ali Sayani		483,918	1.42
Mrs. Aymna N. Feerasta w/o Mr. Nooruddin Feerasta		500	0.00
<b>Total:</b>		<b>996,913</b>	<b>2.91</b>
Executives			
National Bank of Pakistan, Trustee Deptt.	5	1,926,005	5.65
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	7	478,755	1.41
Foreign Investors	1	8,519,800	25.01
Co-operative Societies	0	0	0.00
Trusts	5	18,254,922	53.58
Others			
<b>Total:</b>	<b>561</b>	<b>34,068,514</b>	<b>100.00</b>

# Pattern of Shareholding

as at 30 June 2015

## SHARE-HOLDERS HOLDING FIVE PERCENT OR MORE VOTING INTEREST IN THE COMPANY

Name of Shareholders	No. of Shares Held	Percentage
Trustees Feerasta Senior Trust	11,839,806	34.75
Deutsche Bank Investments (Guernsey) Limited	8,519,800	25.01
Trustees ALNU Trust	6,074,931	17.83
National Bank of Pakistan - Trustee Department NI(U)T Fund	1,926,005	5.65
<b>Total:</b>	<b>28,360,542</b>	<b>83.25</b>

### Trading in Shares During 2014-15:

Directors, CEO, CFO and Company Secretary

No Trading, except restructuring of sponsors' shares with the approval of the Securities and Exchange Commission of Pakistan without any monetary consideration.





# Proxy Form 35th 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 35th Annual General Meeting of the Company to be held on 30 October 2015 or at any adjournment thereof.

Revenue Stamp

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

Dated this \_\_\_\_\_ day of October 2015

Signature of Shareholder \_\_\_\_\_

Signature of Proxy \_\_\_\_\_

### 1. WITNESS

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

CNIC No: \_\_\_\_\_

or Passport No: \_\_\_\_\_

### 2. WITNESS

Signature: \_\_\_\_\_

Name: \_\_\_\_\_


Address: \_\_\_\_\_

CNIC No: \_\_\_\_\_

or Passport No: \_\_\_\_\_

### IMPORTANT:

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



The Company Secretary

**Rupali Polyester Limited**

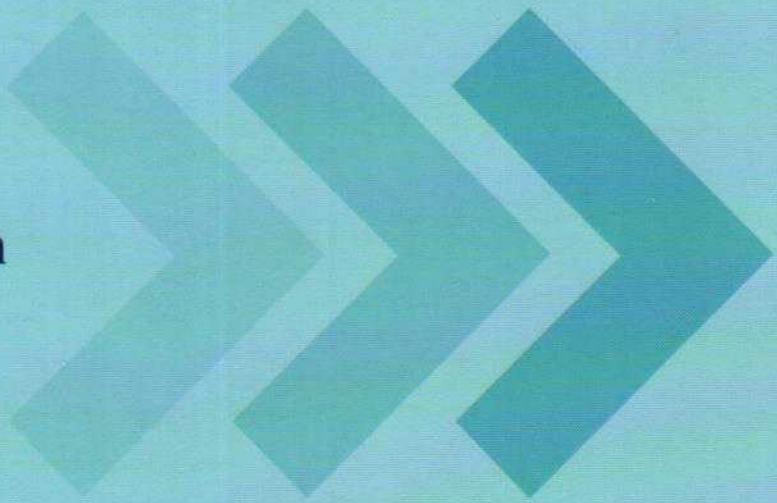
Rupali House,

241-242 Upper Mall Scheme, Anand Road,

Lahore - 54000

AFFIX  
CORRECT  
POSTAGE

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



**Rupali Polyester Limited**

**Registered Office**

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