



Annual Report 2016



**Rupali Polyester Limited**

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# Corporate Data

## Board of Directors

### Chairman / Chief Executive Officer

Nooruddin Feerasta

### Directors

Muhammad Rashid Zahir - Non-Executive  
Sultan Ali Rajwani - Non-Executive  
Zeeshan Feerasta - Non-Executive

Muhammad Ali Sayani - Non-Executive  
Shehzad Feerasta - Non-Executive  
Abdul Hayee - Executive

### Audit Committee

Sultan Ali Rajwani - Chairman

Muhammad Rashid Zahir - Member

Zeeshan Feerasta - Member

### Human Resource & Remuneration Committee

Sultan Ali Rajwani - Chairman

Nooruddin Feerasta - Member

Zeeshan Feerasta - Member

### Chief Financial Officer

Ayub Saqib

### Company Secretary

S. Ghulam Shabbir Gilani

### Bankers

Askari Bank Limited  
Faysal Bank Limited  
MCB Bank Limited

Bank Alfalah Limited  
Habib Bank Limited  
NIB Bank Limited

Soneri Bank Limited

### Auditors

Qavi & Co.

Chartered Accountants

### Registered Office

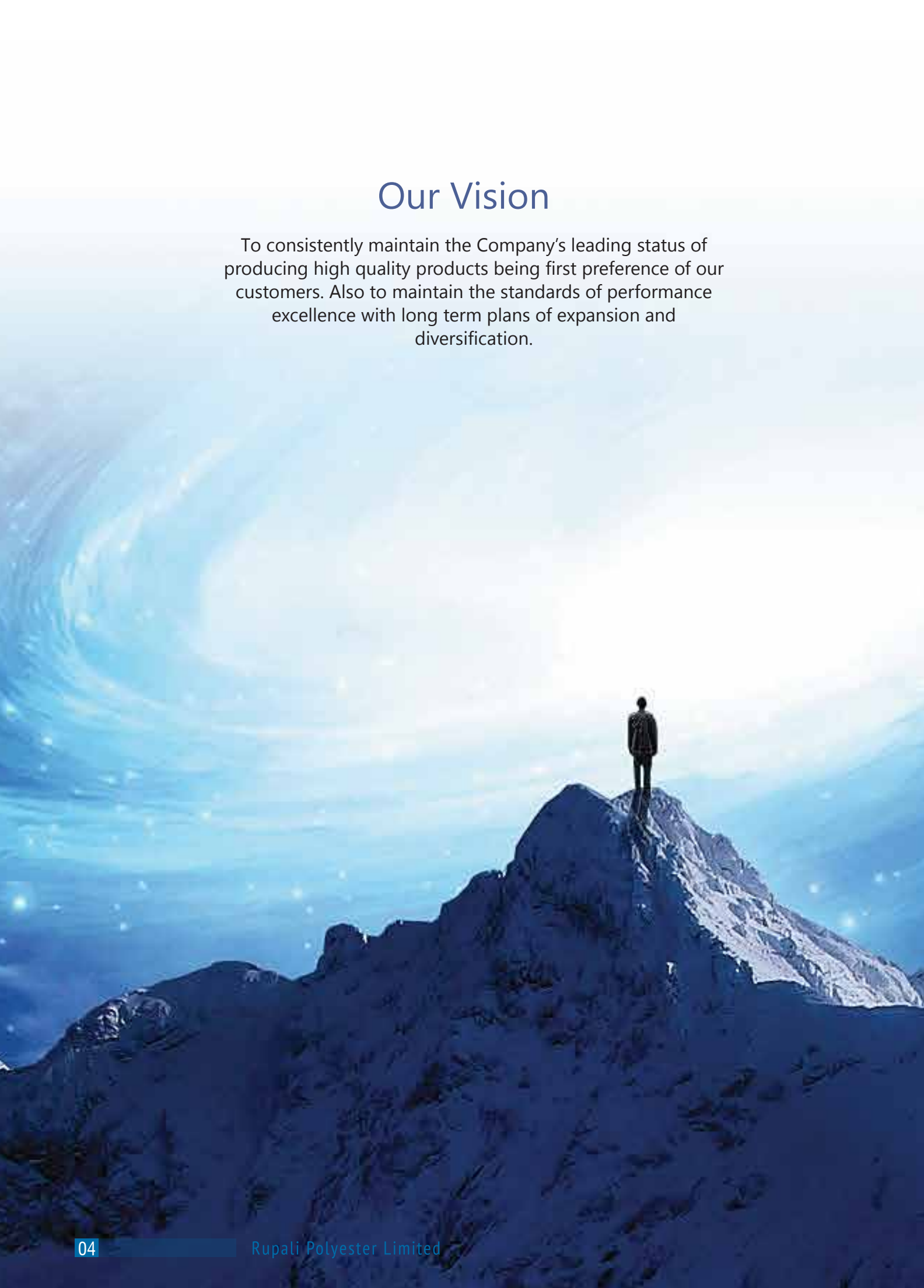
Rupali House, 241-242 Upper Mall Scheme,  
Anand Road, Lahore - 54000 PAKISTAN

### 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 Pakistan Stock Exchange Limited (formerly Karachi, Lahore and Islamabad Stock Exchanges). It owns and operates composite facilities to manufacture Polyester Staple Fiber and Polyester Filament Yarn. It produces quality products by using latest technology and best quality of raw materials. The Company has the privilege of being one of the pioneers in Pakistan for manufacture of Staple Fiber of highest quality. Since its inception, the Company has been growing steadily through expansion and diversified operations. The assets of the Company have increased to Rs. 4,387 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.

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



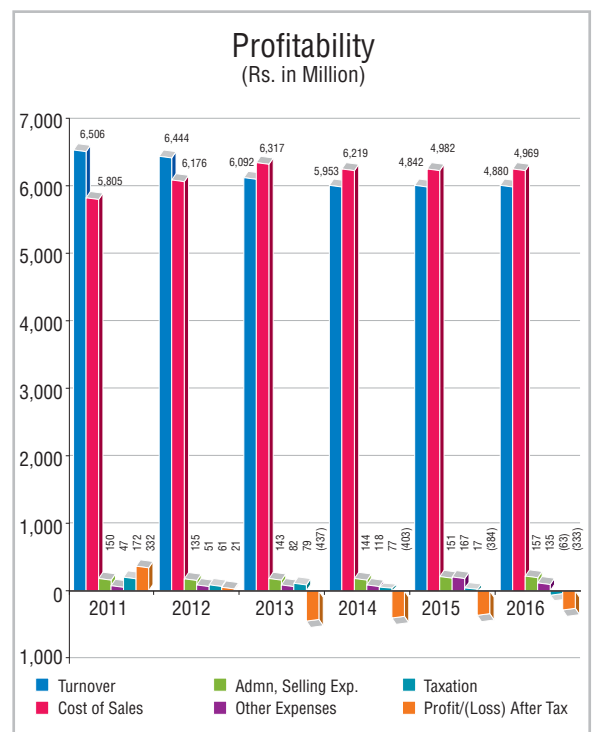
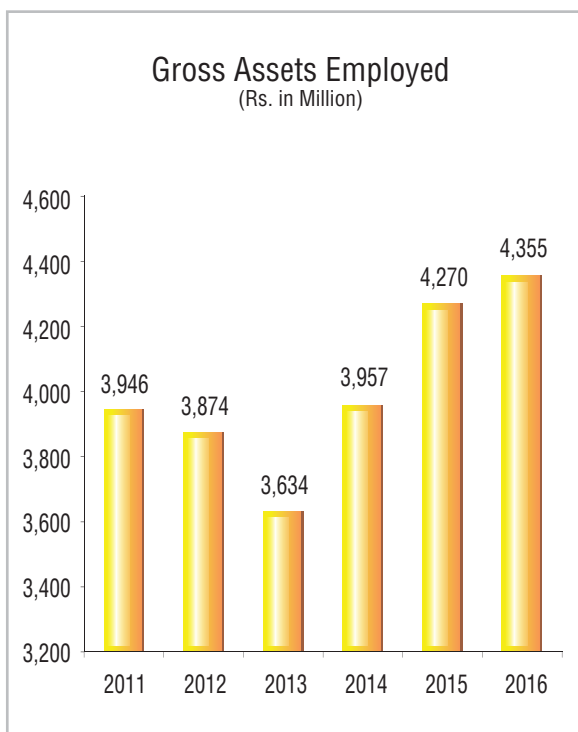
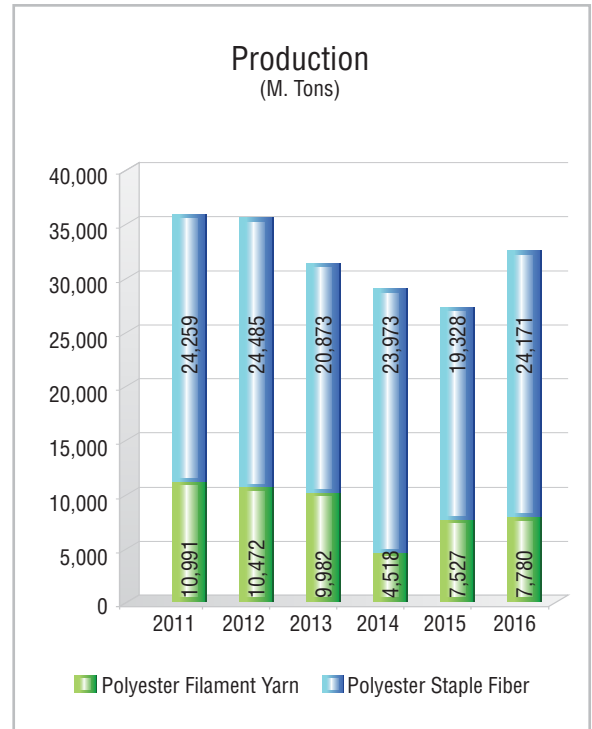
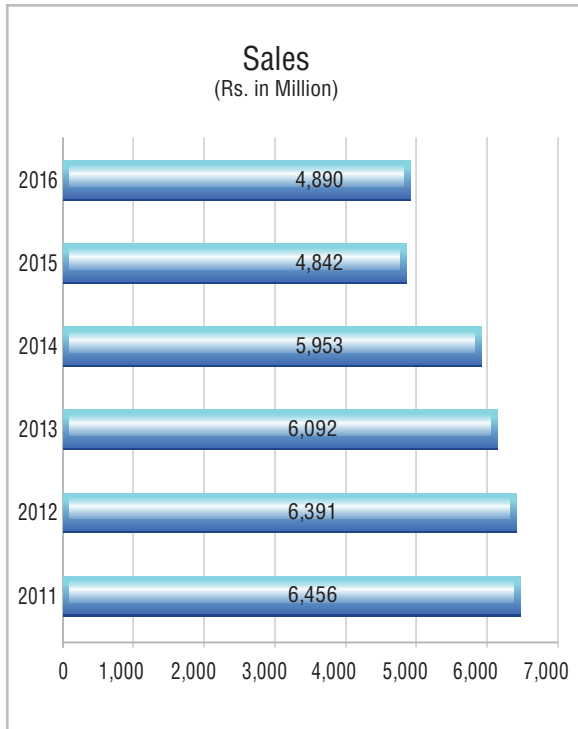
# Financial Highlights

	UOM	2016	2015	2014	2013
<b>Profit and Loss Account</b>					
Sales - Net	Rs. in thousand	4,890,041	4,841,940	5,952,659	6,091,802
Cost of goods sold	Rs. in thousand	4,969,175	4,982,459	6,219,222	6,317,322
Gross Profit	Rs. in thousand	(79,134)	(140,519)	(266,563)	(225,520)
Operating profit	Rs. in thousand	(135,807)	(233,801)	(361,421)	(275,782)
Profit before tax	Rs. in thousand	(270,919)	(401,098)	(479,858)	(357,747)
Profit after tax	Rs. in thousand	(333,478)	(384,447)	(403,284)	(436,600)
Income tax - current	Rs. in thousand	48,900	-	-	30,459
- prior years	Rs. in thousand	-	-	(30,459)	565
- deferred	Rs. in thousand	13,659	(16,651)	(46,115)	47,829
<b>Dividend</b>					
Cash dividend	Rs. in thousand	-	-	-	-
Cash dividend rate	Percentage	-	-	-	-
<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	(1,043,501)	(710,023)	(613,511)	(210,227)
Shareholders equity	Rs. in thousand	1,032,799	1,366,277	1,462,789	1,866,073
No. of ordinary shares	Numbers	34,068,514	34,068,514	34,068,514	34,068,514
Non-Current liabilities	Rs. in thousand	649,133	658,917	516,553	411,166
Current liabilities	Rs. in thousand	2,704,858	2,263,206	2,075,711	1,393,461
Property, Plant and Equipment	Rs. in thousand	1,637,969	1,729,858	1,630,402	1,578,010
Capital work-in-progress	Rs. in thousand	32,286	17,945	98,324	37,110
Long term investments/loans/deposits	Rs. in thousand	4,361	4,361	4,361	4,281
Current assets	Rs. in thousand	2,360,398	2,229,181	2,420,290	2,088,409
Net current assets	Rs. in thousand	(355,768)	(34,025)	344,579	694,948
<b>Total liabilities</b>	Rs. in thousand	4,386,790	4,288,400	4,055,053	3,670,700
<b>Total Assets</b>	Rs. in thousand	4,386,790	4,288,400	4,055,053	3,670,700
<b>Ratio Analysis</b>					
Gross profit	Percentage	(1.62)	(2.90)	(4.47)	(3.70)
Net profit	Percentage	(6.82)	(7.94)	(6.77)	(7.17)
Inventory turnover	Times	8	6	7	6
Cash dividend per share	Rupees	-	-	-	-
Debt : equity ratio		19 : 81	17 : 83	9 : 91	0 : 100
Break-up value per share	Rupees	30.32	40.03	42.94	54.77
Market value per share at the end of the year	Rupees	8.98	12.00	17.10	23.30
<b>Production volume</b>					
Production capacity	M. Tons	22,100	22,100	22,100	22,100
Production achieved	M. Tons	31,951	26,859	28,491	30,855
Capacity utilization	Percentage	145	121	129	140
<b>Employees</b>	Numbers	1,198	1,251	968	1,001

2012	2011	2010	2009
6,390,922	6,455,848	4,774,324	4,237,268
6,175,904	5,804,892	4,301,276	3,937,467
215,018	650,956	473,048	299,801
125,266	515,795	288,930	264,307
81,750	503,881	286,005	261,092
20,939	332,262	207,802	196,632
63,909	116,219	107,860	90,972
(33,233)	(3,230)	(22,197)	(4,210)
30,135	58,630	(7,460)	22,302
34,068	187,377	136,274	136,274
10	55	40	40
340,685	340,685	340,685	340,685
1,735,615	1,735,615	1,735,615	1,735,615
259,657	420,502	224,514	152,986
2,335,957	2,496,802	2,300,814	2,229,286
34,068,514	34,068,514	34,068,514	34,068,514
365,068	329,253	261,634	263,293
1,400,079	1,146,577	241,656	230,032
1,311,704	1,192,889	907,586	969,334
226,909	26,998	300,143	2,845
4,281	4,281	36,334	140,984
2,558,210	2,748,464	1,558,779	1,609,448
1,158,131	1,601,887	1,318,385	1,379,416
4,101,104	3,972,632	2,804,104	2,722,611
4,101,104	3,972,632	2,804,104	2,722,611
3.36	10.08	9.91	7.08
0.33	5.15	4.35	4.64
4	4	7	5
1.00	5.50	4.00	4.00
0 : 100	0 : 100	0 : 100	0 : 100
68.40	73.29	67.53	65.44
25.66	41.50	33.00	29.45
22,100	22,100	22,100	22,100
34,957	35,250	33,991	34,318
158	160	154	155
1,238	1,239	1,186	1,249

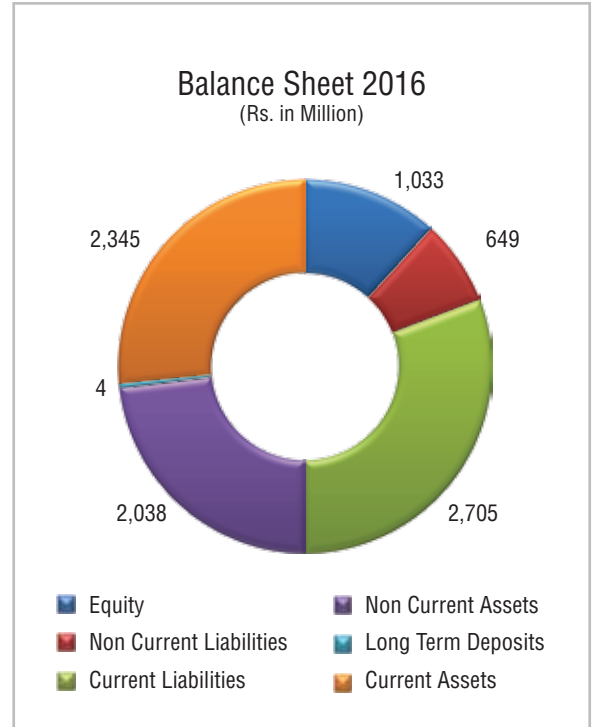
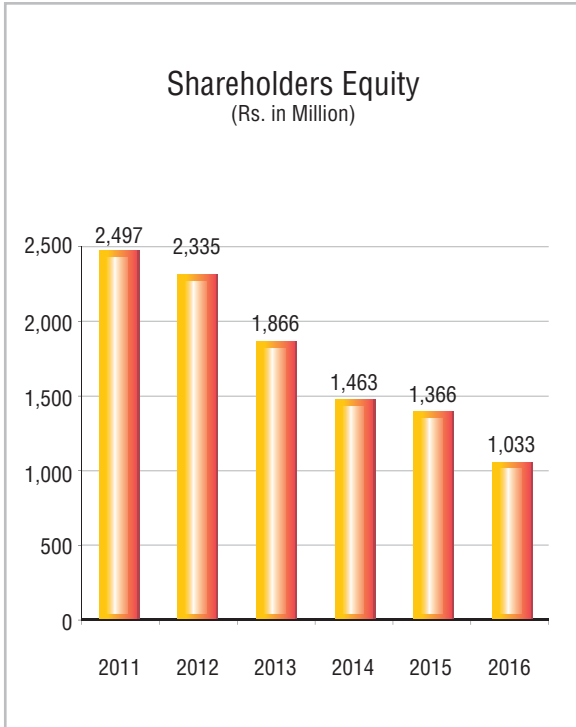


# Graphical Presentation





# Graphical Presentation



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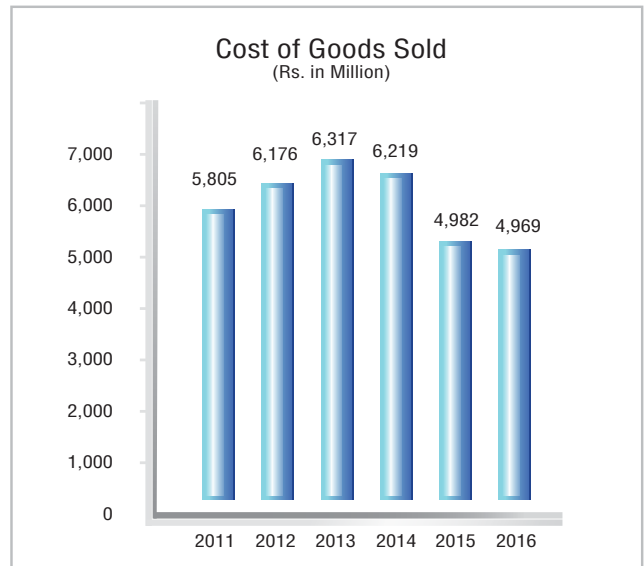
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## Directors' Report to the Shareholders

On behalf of the Board of Directors of the Company, I am pleased to welcome you to the thirty-sixth annual general meeting and present the Annual Report and the audited financial statements of the Company for the year ended 30 June 2016 together with the Auditors' report.

### Financial Results:

Rupees in thousand

Loss before taxation	(270,919)
Taxation	(62,559)
Loss after taxation	(333,478)
	Rupees
Earnings (loss) per share – basic and diluted	(9.79)

### Overview

We report with satisfaction the improvement in our operational and financial results in 2016 as compared to preceding year. With our tireless efforts, we have been able to further strengthen our cost controls. As a result, the amount of gross loss dropped to Rs.79 million in 2016 from Rs.140 million in 2015. This is largely attributable to the fact that the conversion cost of our Polymer has decreased. Besides, successful commissioning of steam and power project has further enhanced the favourable energy mix. In order to make our operations energy efficient we are utilizing both gas and coal to meet our energy

requirements. With the oil prices remaining low throughout the year and the import of RLNG (Regasified Liquid Natural Gas) at economical rates, the energy shortfall in the country shows a sign of relief and the gas supply to the industry has also become regular.

The market conditions, however, continue to be acutely unfavourable for our products i.e. Polyester Staple Fiber (PSF) and Polyester Filament Yarn (PFY). The situation with regard to PSF has improved with the imposition of anti-dumping duty by National Tariff Commission, although at a very low rate. With this, the PSF results are positive whereas the PFY industry is suffering losses owing to the imported products from China, India and Malaysia that are dumped at prices which hardly cover raw material, packing and energy costs of our products. Therefore, we had to make price adjustments downward during the year. Government had levied Regulatory Duty on imported Cotton Yarn and Fabrics as well as on Fabrics of Filament Yarn whereby the local Fabrics industry got some breathing space. We have approached the Government to impose Regulatory Duty on import of Polyester Yarn and Polyester Fabrics also to provide some protection to domestic PFY and PSF industry.

Our application is pending before the National Tariff Commission for imposition of anti-dumping duty being imported at dumped price from China and Malaysia. Our product will become competitive if the anti-dumping duty is imposed against dumped imports. Further proceedings on our application are still pending because of the Commission's internal composition issues.

Huge funds are stuck up with the Government on account of sales tax refunds. While the Government has partially released our sales tax refunds which will modestly improve our cash flow, however, a big blow in the shape of Gas Infrastructure Development Cess (GIDC) is still looming on the industry and the Sui Northern Gas Pipelines Limited has started recovery of arrears. This recovery will hit the industry hard by causing liquidity problems.

Sales volume of PSF in the year 2016 registered an increase of 22 percent over volumetric sales in 2015, but this did not produce a corresponding increase in sales revenue in same proportion. PFY sale quantity also increased as compared to last year. In spite of several difficulties being faced, we have been able to increase the sale revenues. However, the depressed selling rates of both PSF and PFY nosedived during the year to compete with cheaper imports.

Sale revenues for the year ended 30 June 2016 increased marginally to Rs.4,890 million from Rs.4,842 million in 2015. As reported in our half-yearly and third quarterly Reviews, our Polymer modification in energy consumption and the change to coal fired steam boilers decreased the conversion cost.

As a result of improvement in cost of goods sold, gross loss in 2016 has decreased to Rs.79.134 million from Rs.140.519 million in the previous year. Operating loss reduced to Rs.135.807 million from Rs.233.801 million in the year 2015. Finance cost also declined to Rs.135.112 million from Rs.167.297 million in previous year mainly because of reduction in mark up rates on working capital loan. Loss before tax for the year decreased to Rs.270.919 million from Rs.401.098 million.

#### Future Outlook

As stated above, the local Polyester and Yarn industry is suffering losses because of the products from China, India and Malaysia dumped at cheaper rates. We have moved an application to the National Tariff Commission (NTC) for imposing an anti-dumping duty on PFY imports from China and Malaysia. NTC should take immediate steps as it would ensure and protect the growth and stability of the domestic industry and markets. With recent improvement of PSF prices, it is expected that results in the coming period would be relatively better.

In the Budget for the year 2016-17, custom duty on PTA which is our basic raw material has been increased. Similarly, the duty on PSF was also increased. The increase in raw material will result in manufacturing cost escalation, however, it will be compensated with the increase of custom duty on PSF.



With the zero-rating regime in the textile chain announced in the Finance Act 2016, the economic activity has picked up in local supplies. The input adjustment of Provincial sales tax on services was disallowed in the Budget 2016. However, recently FBR has again allowed such adjustment retrospectively from 1 July 2016.

CPEC projects are underway with financial and technical collaboration of China which will open new vistas for industrial growth, economic stability and development in the country. It is all the more necessary for the Government to focus on the growth of domestic industry in all manufacturing sectors.

#### Risk Management

The Board of Directors being responsible for the overseeing of risk management process, ensures that decision making is aligned with the Company's strategies and risk appetite. The Board receives regular updates on the key risks of the Company both in operational and financial areas. Risk management process includes periodic review of all risks areas by the Chief Executive Officer and the senior management who are responsible for day to day risk management functions under the oversight of the Board.

The Board advises the Management to further strengthen the overall risk management framework in production and marketing related risks and other significant areas through a robust mechanism to estimate the potential impact of extreme events on



the Company's earnings, balance sheet, capital and liquidity.

#### Board of Directors

Since last election of the Board of Directors held on 30 October 2015, there is no change in the composition of the Board.

#### 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 2016-17.

#### Pattern of Shareholding

A statement showing the pattern of shareholding in the Company as at 30 June 2016 appears on Page 66.



#### 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 dumped imports from China, Malaysia and India put adverse impact on our results. 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 2016 (Unaudited)	30 June 2015 (Audited)
26,843	25,366

#### 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	3
2. Mr. Muhammad Rashid Zahir	Member	4
3. Mr. Amin A. Feerasta	Ex-Member	2
4. Mr. Zeeshan Feerasta	Member	1

H.R and Remuneration Committee Meetings and Attendance by each member  
Total number of HR and Remuneration Committee Meetings held during the year under review: 4

Attendance by each Member:

1. Mr. Sultan Ali Rajwany	Chairman	3
2. Mr. Nooruddin Feerasta	Member	4
3. Mr. Amin A. Feerasta	Ex-Member	2
4. Mr. Zeeshan Feerasta	Member	1

Board Meetings held and Attendance by each Director  
Total number of Board Meetings held during the year under review: 5

Attendance by each Director:

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

\* Mr. Amin A. Feerasta attended two meetings held prior to completion of his tenure.

#### Corporate Social Responsibility (CSR)

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

#### 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 2016.

There was no reportable occupational illness from our employees or contracted manpower in 2016.

#### 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 2016 were approved and authorized for their issuance by the Board of Directors on 21 September 2016.

#### Investment in Associated Company

The shareholders in their annual general meeting held 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 2016





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

### صحت، حفاظت اور ماحول

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

### لیبر مینجمنٹ تعلقات

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

### مالیاتی گوشواروں کی منظوری

مالی گوشوارے برائے سال ۲۰۱۶ کی منظوری ۲۱ ستمبر ۲۰۱۶ کو ہونے والے بورڈ آف ڈائریکٹرز کے اجلاس میں دی گئی اور ان کے اجراء کے لیے اختیار دیا گیا تھا۔

### منسلک کمپنی میں سرمایہ کاری

سال ۲۰۱۳ میں منعقد ہونے والے سالانہ اجلاس عام میں حصص داران نے ایک منسلک کمپنی روپال پاور جین (پرائیویٹ) لمیٹڈ میں ۲۰۰ ملین روپے تک کی سرمایہ کاری پر آرڈیننس ۱۹۸۴ کی دفعہ ۲۰۸ کے تحت تین سال کی موزینٹ کے تحت منظوری دی تھی تاہم بجلی کی پیداوار کی اپنی سہولیات اور توانائی کی قیمت کو کنٹرول کرنے کے لیے دوسرے قابل عمل متبادل توانائی سے متعلق منصوبوں کو پورا کرنے کے لئے کمپنی کی سرمایہ کاری کو ایک طرف رکھا اور کوئی فنڈ استعمال نہیں کیا گیا تھا۔

### اظہار تشکر

ڈائریکٹرز، خزانہ، صنعتوں کی وزارتوں اور پیداوار، تجارت، مواصلات اور وزارت ٹیکسٹائل انڈسٹری کے تعاون کے لئے اظہار تشکر کرنا چاہتے ہیں۔ ہم کسٹمر، سینٹرل ایکسائز اور حکومت پنجاب کے تعاون کے بھی شکرگزار ہیں۔ ہم ترقیاتی مالیاتی اداروں اور کمرشل بینکوں کو بھی سراہتے ہیں کہ انہوں نے ہم پر اعتماد کرتے ہوئے مالی معاونت کی۔ ہم اپنے قابل قدر گاہکوں کے شکرگزار ہیں اور ان کے ساتھ کاروباری تعلقات میں وسعت کی امید رکھتے ہیں۔ ہمارے اسٹیک ہولڈرز کے ہم پر اعتماد کے لئے شکرگزار ہیں۔ ہم ان کے اس اعتماد کی قدر کرتے ہیں اور کمپنی کی انتظامیہ اور عملے کی مسلسل محنت کی تعریف کرتے ہیں۔

منجانب بورڈ آف ڈائریکٹرز:

نور الدین فیراستہ  
چیف ایگزیکٹو آفیسر  
لاہور:  
۲۱ ستمبر ۲۰۱۶



آپریٹنگ خسارہ جو سال گذشتہ میں ۵۰۱.۲۳۳ ملین روپے تھا سے کم ہو کر ۸۰۷.۱۳۵ ملین روپے ہو گیا۔ فنانس لاگت بھی سال گذشتہ کی لاگت ۲۹۷.۱۶۷ ملین روپے سے کم ہو کر اس سال ۱۱۲.۱۳۵ ملین روپے رہی اس کی بڑی وجہ بینکوں کے شرح سود میں کمی تھی۔ فیل از ٹیکس خسارہ سال گذشتہ میں ۹۸.۰۹۸ ملین روپے سے کم ہو کر ۲۷۰.۹۱۹ ملین روپے ہو گیا۔

### مستقبل کا جائزہ

جیسا کہ اوپر بتایا گیا پولی ایسٹر اور پارن کی صنعت چین، انڈیا اور ملائیشیا سے کم نرخوں پر ڈمپ ہونے والی مصنوعات کی وجہ سے خسارے کا شکار ہے۔ NTC ہماری درخواست برائے ایٹمی ڈمپنگ ڈیوٹی پر غور کرتے ہوئے فی الفور اقدام کرتے ہوئے چین اور ملائیشیا سے ڈمپ ہونے والے PFY پر ڈیوٹی عائد کرے۔ کیونکہ اس سے مقامی صنعت اور ماریکیٹوں کی نمو، فروغ، تحفظ اور استحکام کو یقینی بنایا جائے گا۔

اس سال قومی بجٹ ۲۰۱۶ میں PTA جو کہ ہمارا بنیادی خام مال ہے پر عائد کسٹم ڈیوٹی بڑھادی گئی ہے اسی طرح PSF پر بھی ڈیوٹی میں اضافہ کیا گیا ہے۔ خام مال پر ڈیوٹی میں اضافے سے بڑھنے والی پیداواری لاگت کی PFSS پر عائد کسٹم ڈیوٹی میں اضافے کے ساتھ تلافی ہو جائیگی۔

ٹیکسٹائل سیکٹر میں زیر وریٹنگ سے مقامی ترسیلات کی اقتصادی سرگرمیوں میں اضافہ نظر آ رہا ہے۔ بجٹ ۲۰۱۶ میں صوبوں کا عائد کردہ خدمات پر فروخت ٹیکس کی مرکزی حکومت کے ٹیکس میں ایڈجسٹمنٹ ختم کر دی تھی مگر حال ہی میں FBR نے دوبارہ یکم جولائی ۲۰۱۶ سے اس ایڈجسٹمنٹ کی اجازت دے دی ہے۔

CPEC منصوبے جو کہ چین کی فنی اور مالی معاونت سے شروع کیے گئے ہیں ان سے ملکی صنعتی نمو اور معیشت کو استحکام ملے گا۔ لیکن حکومت کے لئے یہ بھی بہت ضروری ہے مقامی پیداواری صنعت کے تمام شعبہ جات کی نمو پر بھی توجہ دے۔

### رسک مینجمنٹ

بورڈ آف ڈائریکٹرز رسک مینجمنٹ کے نگران کی حیثیت سے اس امر کو یقینی بناتے ہیں کہ تمام کئے گئے فیصلے رسک کی نوعیت اور کمپنی کی حکمت عملی کے تحت درست اور راست ہوں۔ بورڈ باقاعدہ کاروبار کو درپیش بڑے خطرات پر تازہ معلومات لیتا رہتا ہے۔ سربراہ کمپنی اور سینئر مینجمنٹ بورڈ آف ڈائریکٹرز کی نگرانی میں روزمرہ کے درپیش خطرات کا جائزہ لیتے ہیں۔

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

### بورڈ آف ڈائریکٹرز

۳۰ اکتوبر ۲۰۱۵ کو ہونے والے انتخابات کے بعد بورڈ کے مرکب میں کوئی تبدیلی رونما نہیں ہوئی۔

### محاسب

موجودہ محاسب میسرز قومی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس اپنے تقرر کی مدت پوری کر چکے ہیں اور بر بنائے اہلیت خود کو دوبارہ تقرری کیلئے پیش کر رہے ہیں۔ بورڈ کی محاسبی کمیٹی نے ان کی کمپنی کے محاسب کی حیثیت سے دوبارہ تقرری برائے سال ۲۰۱۶-۱۷ کی سفارش کی ہے۔

### حصص داری کا طرز

۳۰ جون ۲۰۱۶ کے دن کمپنی کی حصص داری کی ایک تفصیل صفحہ نمبر ۶۶ پر موجود ہے۔

### کوڈ آف کارپوریٹ گورننس کے تحت خصوصی تفصیلات

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

- کمپنی کی جانب سے تیار کردہ مالیاتی گوشوارے، اس کے معاملات کی حالت، آپریٹنگ نتائج، پیسے کے بہاؤ اور مالک (Equity) میں تبدیلی کی نشاندہی کر رہے ہیں۔
- کمپنی کی جانب سے حسابات کی کتب باقاعدہ درست انداز میں مرتب کی گئی ہیں۔
- مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا متواتر استعمال اور اکاؤنٹنگ کا تخمینہ معقول اور دانشمندانہ فیصلے کے مطابق کیا گیا ہے اور ان کے عدم عمل (اگر کوئی ہے تو) کی مناسب تفصیلات بتادی گئی ہیں۔
- مالیاتی گوشواروں کی تیاری میں ایسے بین الاقوامی فنانشل رپورٹنگ اسٹینڈرز کے استعمال کو یقینی بنایا گیا ہے، جو پاکستان میں لاگو کیے گئے ہیں۔

## ممبران کیلئے ڈائریکٹرز کی رپورٹ

کمپنی کے ڈائریکٹران کی جانب سے میں آپکو چھتیسوں سالانہ اجلاس عام میں خوش آمدید کہتا ہوں اور کمپنی کی سالانہ رپورٹ اور پڑتال شدہ حسابات برائے سال ختمہ ۳۰ جون، ۲۰۱۶ء ہمارا ڈائریان کی رپورٹ کے پیش کرتا ہوں۔

### مالیاتی نتائج

--- روپے ہزاروں میں ---

(۲۷۰،۹۱۹)

(۶۲،۵۵۹)

(۳۳۳،۴۷۸)

روپے

(۹.۷۹)

- قبل از ٹیکس خسارہ -

- ٹیکس

- بعد از ٹیکس خسارہ

- فی حصہ خسارہ (بنیادی اور منہج آمیز شدہ)

### مجموعی جائزہ

یہ بات باعث اطمینان ہے کہ مالی سال ۲۰۱۶ میں آپریشنل اور مالیاتی نتائج میں سال گزشتہ کے مقابلے میں بہتری آئی ہے۔ ہماری انتھک کاوشوں سے لاگتوں کو مزید کنٹرول کیا۔ جس کے نتیجے میں سال ۲۰۱۵ کا خام خسارہ ۱۴۰ ملین روپے سے کم ہو کر ۲۰۱۶ میں صرف ۷۹ ملین روپے رہ گیا۔ خام خسارہ میں کمی کی بڑی حد تک اس حقیقت سے منسلک ہے کہ پولیمر بنانے کی لاگت میں کمی رو پڑی ہوئی ہے۔ اسکے علاوہ اسٹیم اور توانائی منصوبوں کی کامیاب کمیشننگ سے موافق توانائی کس میں مزید بہتری آئی ہے۔ ہم اپنی توانائی ضروریات کو کونسل اور گیس کی آمیزش سے پورا کرتے ہیں اور چونکہ عالمی منڈی میں تیل کی قیمت میں کمی رہی اور ساتھ ساتھ سے نرخوں پر دستیاب مانع گیس (RLNG) کے برآمد کرنے سے ملک میں توانائی کے بحران میں کمی آئی ہے اور صنعت کو گیس کی ترسیل میں تسلسل آیا ہے۔

مقامی منڈی کے حالات ہماری مصنوعات پولیسٹر اسٹپل فائبر (PSF) اور پولی ایسٹر فلامنٹ یارن (PFY) کیلئے بدستور نا موافق چلے آ رہے ہیں۔ قومی کمیشن برائے ٹیرف (NTC) کی جانب سے PSF کی درآمد پر عائد کردہ اینٹی ڈمپنگ ڈیوٹی اگرچہ اس کا ریٹ بہت ہی کم تھا، اس سے PSF کے نتائج مثبت رہے مگر PFY کی صنعت ملک میں چین، ملائیشیا اور ہندوستان سے سستے نرخوں پر درآمد ہونے والے یارن کی وجہ سے مالی خسارے کی شکار ہے اور وہ یارن اتنے کم داموں پر آرہا ہے جو کہ شاید ہی ہماری خام مال، پیکنگ اور توانائی کی لاگت کا احاطہ کرتے ہوں۔ لہذا ہمیں دوران سال قیمتوں کو کم کرنا پڑا۔ حکومت نے برآمدی کاٹن، یارن اور فیر کس اور فلامنٹ یارن فیر کس پر ریگولیٹری ڈیوٹی عائد کر رکھی ہے جس سے مقامی فیر کس کی صنعت کو کچھ سانس لینے کی جگہ ملی ہے۔ ہم نے حکومت سے رابطہ کر رکھا ہے کہ پولی ایسٹر یارن اور پولی ایسٹر فیر کس پر بھی ریگولیٹری ڈیوٹی عائد کی جائے تاکہ مقامی PSF اور PFY صنعت کو بھی کچھ تحفظ مل سکے۔ ریشمی دھاگے پر بھی ویسی ہی ریگولیٹری ڈیوٹی لگانا ضروری ہے تاکہ مقامی PFY مینوفیکچررز کو تحفظ مل سکے۔

چین اور ملائیشیا سے پاکستان میں PFY کی ڈمپنگ پرائیمری ڈمپنگ ڈیوٹی عائد کرنے کیلئے ہماری درخواست قومی کمیشن برائے ٹیرف (NTC) کے پاس زیر التواء ہے یہ ڈیوٹی عائد ہو جائے تو ہماری مصنوعات مصابقت کے قابل ہو جائیں گی۔ ہماری درخواست پر مزید کارروائی کمیشن کے اپنے اندرونی معاملات کی وجہ سے رُک رہی ہوئی ہے۔

فروخت ٹیکس کی واپسی کی مد میں ہماری بھاری رقوم حکومت کے پاس رُک رہی ہوئی ہیں۔ حکومت نے کمال مہربانی کرتے ہوئے جزوی طور پر ادائیگی کر دی ہے جس سے ہمارا کیش فلو کچھ بہتر ہوگا تاہم GIDC کی شکل میں ایک بڑا دھچکا صنعت پر منڈلا رہا ہے۔ سوئی گیس کمپنی نے GIDC بقایا جات کی وصولی شروع کر دی ہے۔ یہ وصولی صنعت کو جو پہلے ہی مالی بحران میں ہے بڑی بڑی طرح متاثر کرے گی۔

سال ۲۰۱۶ میں پولیسٹر اسٹپل فائبر کی فروخت کا حجم سال گزشتہ کے مقابلے میں ۲۲ فیصد زیادہ رہا مگر فروخت سے ہونے والی آمدنی حجم میں اضافہ کے تناسب کے مطابق نہ ہو سکی۔ PFY کی فروخت میں بھی اضافہ ہوا۔ درپیش مشکلات کے باوجود ہم فروخت آمدنی میں اضافہ کرنے میں کامیاب رہے۔ تاہم PSF اور PFY کے نرخوں میں پورا سال کمی ہوتی رہی جن نرخوں پر سستے درآمد شدہ مال سے مسابقت کرنے کی وجہ سے مال فروخت کرنا پڑا۔

فروخت آمدنی برائے سال ۲۰۱۶ سال گزشتہ کی فروخت آمدنی ۸۴۲،۸۴۲ ملین روپے سے بڑھ کر ۸۹۰،۸۹۰ ملین روپے ہو گئی۔ فروخت والے مال کی لاگت میں بہتری کے نتیجے میں خام خسارہ جو سال گزشتہ ۵۱۹،۵۱۹ ملین روپے تھا سے کم ہو کر ۹،۱۳۴ ملین روپے رہ گیا ہے۔







## Notice of Meeting

Notice is hereby given that the Thirty Sixth Annual General Meeting of Rupali Polyester Limited ("the Company") will be held at Rupali House, 241-242 Upper Mall Scheme, Anand Road, Lahore on Monday, 31 October 2016 at 10:00 a.m. to transact the following business:

### Ordinary Business:

- 1) To confirm the minutes of Thirty Fifth Annual General Meeting of the Company held on 30 October 2015.
- 2) To receive, consider and adopt Annual Audited Financial Statements of the Company together with the Directors and Auditors Reports thereon for the year ended 30 June 2016.
- 3) To appoint Auditors of the Company for the year 2016-17 and to fix their remuneration. The present Auditors, M/s. Qavi & Co., Chartered Accountants, retire and being eligible, offer themselves for reappointment.

### Special Business:

- 4) To consider and approve the amendments to be made in the Articles of Association of the Company for the purpose of compliance with the mandatory e-voting requirements as prescribed in the Companies (E-Voting) Regulations, 2016 and if thought fit to pass the following resolution as Special Resolution:

"RESOLVED THAT the Articles of Association of the Company be amended by inserting following new Articles as 63(a) and 63(b) after Article No. 63:

63 (a) E-Voting: The provisions and requirements for e-voting as prescribed by the Securities and Exchange Commission of Pakistan from time to time shall be deemed to be incorporated in these Articles of Association, irrespective of other provisions of these Articles and notwithstanding anything contradictory therein.

63 (b) In case of e-voting, members may appoint either members or non-members as proxy and the Company shall comply with the requirements of the Companies (E-Voting) Regulations, 2016.

FURTHER RESOLVED THAT the following new Article 65(a) be inserted after Article 65:

65 (a) E-Voting: An instrument of proxy in relation to e-voting shall be in the following form:

I/We \_\_\_\_\_ of \_\_\_\_\_, being a member of \_\_\_\_\_, holder of \_\_\_\_\_ Share(s) as per Register Folio No. \_\_\_\_\_ hereby opt for e-voting through Intermediary and

hereby consent to the appointment of Execution Officer \_\_\_\_\_ as proxy and will exercise e-voting as per the Companies (E-Voting) Regulations, 2016 and hereby demand for poll for resolutions.

My secured email address is \_\_\_\_\_, please send login detail, password and electronic signature through email.

\_\_\_\_\_  
Signature of Member  
(Signature should agree with the specimen signature registered with the Company)

Signed in the presence of:

\_\_\_\_\_  
Signature of Witness      Signature of Witness

The proxy e-voting form shall be required to be witnessed by two persons whose names, address and CNIC number shall be mentioned on the form.

FURTHER RESOLVED THAT the Company Secretary be and is hereby authorized to take or cause to be taken any and all actions necessary and incidental for the purposes of altering the Articles of Association of the Company, and make necessary filing and complete statutory formalities as may be required to implement the aforesaid resolution."

5) To get approval/consent from shareholders, as per SRO No. 470 (I)/2016 dated 31 May 2016 issued by the Securities and Exchange Commission of Pakistan for the transmission of the annual audited accounts either through CD/DVD/USB or in hard copy (book form).

6) (a) To consider to pass the following ordinary resolution:

"RESOLVED THAT the transactions carried out in normal course of business with associated companies (related parties) during the year ended 30 June 2016 be and are hereby ratified and approved."

(b) To consider to pass the following ordinary resolution.

"RESOLVED THAT the Chief Executive Officer of the Company be and is hereby authorized to approve all the transactions

carried out and to be carried out in normal course of business with associated companies (related parties) during the ensuing year ending 30 June 2017 and in this connection the Chief Executive Officer be and is hereby also authorized to take any and all necessary actions and sign / execute any and all such documents/ indentures as may be required in this regard on behalf of the Company."

7) To transact such other ordinary business as may be placed before the meeting with the permission of the Chair.

By order of the Board

Lahore:  
21 September 2016

S. Ghulam Shabbir Gilani  
Company Secretary

#### Notes:

- 1) Share transfer books of the Company will remain closed from 22 October 2016 to 31 October 2016 (both days inclusive).
- 2) A member entitled to attend and vote at the Annual General Meeting is entitled to appoint another member as a Proxy to attend and vote. Form of proxy must be deposited at the Company's Registered Office situated at 241-242 Upper Mall Scheme, Anand Road, Lahore not later than 48 hours before the time of holding the meeting. Proxy Form is attached.
- 3) Accountholders / sub-accountholders holding book entry securities of the Company in Central Depository System (CDS) of Central Depository Company of Pakistan Limited (CDC) who wish to attend the Annual General Meeting are requested to please bring their original Computerized National Identity Card (CNIC) or original passport with a photocopy duly attested by their bankers alongwith participant's I.D. number and their account number in CDS for identification purposes.

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



#### 4) Submission of copy of CNIC (Mandatory):

In order to comply with the directives of the Securities and Exchange Commission of Pakistan issued from time to time, the shareholders are requested to kindly send photocopy of their CNICs to us immediately at our address "Rupali House, 241-242 Upper Mall Scheme, Anand Road, Lahore-54000 or our Share Registrar M/s. THK Associates (Pvt.) Limited, 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.

#### 5) Circulation of Audited Financial Statements through email

Members are hereby informed that the Securities and Exchange Commission of Pakistan 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

#### 6) 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.

#### 7) 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. Further, these tax rates have been revised in Finance Act, 2016 as under:

a) For filers of income tax return 12.50%

b) For non-filers of income tax return 20.00%

All the shareholders whose names are not entered into the Active Taxpayers List (ATL) provided on the website of FBR, despite the fact that they 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.

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

#### Statement under Section 160 (i)(b) of the Companies Ordinance, 1984

This statement sets out the material facts concerning the special business to be transacted at the Thirty Sixth Annual General Meeting of Rupali Polyester Limited to be held on 31 October 2016.

#### Item No. 4 - Alteration in Articles of Association of the Company

To give effect to the Companies (E-Voting) Regulation 2016 issued by the Securities and Exchange Commission of Pakistan (the Commission), shareholders' approval is being sought to amend the Articles of Association of the Company to enable e-voting. The text of the proposed Special Resolution has been provided under above agenda item.



#### Item No. 5 - Transmission of Annual Audited Financial Statements Through CD/DVD/USB

The Commission through SRO 470 (1)/2016 dated May 31, 2016 has allowed companies to circulate the annual balance sheet and profit and loss account, auditor's report and directors report etc. ("annual audited accounts") to its members through CD/DVD/USB at their registered addresses.

The approval/consent will be sought from shareholders for transmission of the annual audited accounts either through CDC/DVD/USB or in hard copy (book form).

#### Item No. 6(a) of the Notice – Transactions carried out with associated companies during the year ended 30 June 2016 to be passed as an Ordinary Resolution.

The transactions carried out in normal course of business with associated companies (related parties) were being approved by the Board as recommended by the Audit Committee on quarterly basis pursuant to clause 5.19.6(b) of the Code of Corporate Governance, 2012.

During the Board Meeting it was pointed out by the Directors that as the majority of Company Directors were interested in these transactions due to their common directorship and holding of shares in the associated companies, the quorum of directors could not be formed for approval of these transactions which have to be approved by the shareholders in the general meeting.

In view of the above, the normal business transactions conducted during the year ended 30 June 2016 with associated companies as under are being placed before the shareholders for their consideration and approval/ratification:

Agenda item No. 6(b) of the Notice – Authorization to the Chief Executive Officer for the transactions carried out and to be carried out with associated companies during the ensuing year ending 30 June 2017 to be passed as an Ordinary Resolution

The Company would be conducting transactions with associated companies in the normal course of business. The majority of Directors are interested in these transactions due to their common directorship and shareholding in the associated companies. Therefore, such transactions with associated companies have to be approved by the shareholders.

In order to comply with the provisions of clause 5.19.6(b) of the Code of Corporate Governance, 2012, the shareholders may authorize the Chief Executive Officer to approve transactions carried out and to be carried out in normal course of business with associated companies during the ensuing year ending 30 June 2017.

The Directors are interested in the proposed special and ordinary resolutions to the extent of their common directorships and their shareholding in the associated companies.

Name	Description of Transaction	Amount in Rs. '000		
		Purchase	Sale	Others
Rupafil Limited	Sale / purchase of goods and services	219,023	621,711	-
Rupali Nylon (Pvt.) Ltd.	Purchase of good and services	5,327	-	-
Soneri Bank Limited	Profit on bank deposits	-	-	1,372

# 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 2016 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 2016

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation 5.19.23 of the Rule Book of Pakistan Stock Exchange Limited 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. Shehzad Feerasta Mr. Zeeshan Feerasta

The independent director meets the criteria of independence under clause 5.19.1.(b) of the CCG

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
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 NBFIs or, being a broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. During the year no casual vacancy occurred on the board.
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. Two directors got certification under the directors' training programs during the year.

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 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 exchange.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
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 2016



# 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 2016 to comply with the requirements of Regulation 5.19 of the Rule Book of Pakistan Stock Exchange Limited, 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 2016.

Lahore  
Dated: 21 September 2016

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 2016 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 except for the changes as stated in note 3.1 with which we concur;
  - 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 2016 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  
Dated: 21 September 2016

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

# Financial Statements

for the year ended 30 June 2016



# Balance Sheet

as at 30 June 2016

	Note	30 June 2016 (Rupees '000)	30 June 2015 (Rupees '000)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	1,637,969	1,729,858
Investment property	6	400,000	325,000
Long-term deposits	7	4,361	4,361
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools	8	804,391	783,764
Stock-in-trade	9	531,456	724,138
Trade debts	10	10,081	1,552
Loans and advances	11	15,324	22,788
Trade deposits and short-term prepayments	12	4,298	5,398
Other receivables	13	550,978	459,628
Taxation - net	14	177,304	212,345
Cash and bank balances	15	250,628	19,568
		2,344,460	2,229,181
		4,386,790	4,288,400
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital 35,000,000 (2015: 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	398,726	732,204
		739,411	1,072,889
Surplus on revaluation of freehold land	18	293,388	293,388
		1,032,799	1,366,277
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing	19	245,172	283,314
Staff retirement benefits	20	121,043	105,313
Deferred taxation	21	279,547	265,888
Liabilities against assets subject to finance lease	22	3,371	4,402
		649,133	658,917
<b>CURRENT LIABILITIES</b>			
Trade and other payables	23	874,772	927,618
Short-term borrowings	24	1,743,057	1,306,341
Accrued mark-up		24,800	28,404
Current portion of long-term borrowings	25	62,229	843
		2,704,858	2,263,206
<b>CONTINGENCIES AND COMMITMENTS</b>			
	26		
		4,386,790	4,288,400

The annexed notes 1 to 44 form an integral part of these financial statements.

Nooruddin Feerasta  
Chief Executive Officer

Muhammad Rashid Zahir  
Director



# Profit and Loss Account

for the year ended 30 June 2016

	Note	30 June 2016 (Rupees '000)	30 June 2015 (Rupees '000)
Sales	27	4,890,041	4,841,940
Cost of goods sold	28	(4,969,175)	(4,982,459)
<b>Gross loss</b>		(79,134)	(140,519)
Selling and distribution expenses	29	(13,077)	(12,006)
Administrative and general expenses	30	(142,362)	(137,300)
Other charges	31	(1,921)	(1,550)
Other income	32	100,687	57,574
<b>Operating loss</b>		(135,807)	(233,801)
Finance cost	33	(135,112)	(167,297)
<b>Loss before taxation</b>		(270,919)	(401,098)
Taxation	34	(62,559)	16,651
<b>Loss after taxation</b>		(333,478)	(384,447)
		Rupees	
Loss per share - basic and diluted	35	(9.79)	(11.28)

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

The annexed notes 1 to 44 form an integral part of these financial statements.

Nooruddin Feerasta  
Chief Executive Officer

Muhammad Rashid Zahir  
Director

# Statement of Comprehensive Income

for the year ended 30 June 2016

	Note	30 June 2016 (Rupees '000)	30 June 2015 (Rupees '000)
Loss after taxation		(333,478)	(384,447)
Other comprehensive income			
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
Total comprehensive loss		(333,478)	(96,512)

The annexed notes 1 to 44 form an integral part of these financial statements.

Nooruddin Feerasta  
Chief Executive Officer

Muhammad Rashid Zahir  
Director

# Cash Flow Statement

for the year ended 30 June 2016

	Note	30 June 2016 (Rupees '000)	30 June 2015 (Rupees '000)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	36	719	357,255
Finance costs paid		(138,716)	(164,528)
Income tax paid		(13,858)	(30,390)
Staff retirement benefits paid		(5,801)	(9,216)
Profit received		1,909	1,816
Net Cash (outflow) / inflow from operating activities		(155,747)	154,937
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(73,111)	(259,771)
Proceeds from disposal of property, plant and equipment		1,050	886
Net cash outflow from investing activities		(72,061)	(258,885)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Long-term financing		(38,142)	136,999
Liabilities against assets subject to finance lease		60,355	5,245
Net cash inflow from financing activities		22,213	142,244
Net (decrease) / increase in cash and cash equivalents		(205,595)	38,296
Cash and cash equivalents at the beginning of the year		(1,286,773)	(1,325,025)
Effect of exchange rate fluctuations		(61)	(44)
Cash and cash equivalents at the end of the year		(1,492,429)	(1,286,773)
<b>Cash and cash equivalents</b>			
Cash and bank balances	15	250,628	19,568
Short-term borrowings	24	(1,743,057)	(1,306,341)
		(1,492,429)	(1,286,773)

The annexed notes 1 to 44 form an integral part of these financial statements.

Nooruddin Feerasta  
Chief Executive Officer

Muhammad Rashid Zahir  
Director

# Statement of Changes in Equity

for the year ended 30 June 2016

Rupees in thousand

	Issued, subscribed and paid-up capital	Capital Reserves	Revenue Reserves		Total Equity	Surplus on revaluation of freehold land	Total
		Share premium (note-17)	General reserve	Accumulated Loss			
Balance as on 01 July 2014	340,685	71,490	1,664,125	(613,511)	1,462,789	-	1,462,789
<b>Total Comprehensive loss</b>							
- 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
Balance as on 01 July 2015	340,685	71,490	1,664,125	(1,003,411)	1,072,889	293,388	1,366,277
<b>Total Comprehensive loss</b>							
- Loss for the year ended 30 June 2016	-	-	-	(333,478)	(333,478)	-	(333,478)
- Other comprehensive income for the year ended 30 June 2016	-	-	-	-	-	-	-
	-	-	-	(333,478)	(333,478)	-	(333,478)
Balance as on 30 June 2016	340,685	71,490	1,664,125	(1,336,889)	739,411	293,388	1,032,799

The annexed notes 1 to 44 form an integral part of these financial statements.

Nooruddin Feerasta  
Chief Executive Officer

Muhammad Rashid Zahir  
Director



# Notes to the Financial Statements

for the year ended 30 June 2016

## 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 Pakistan Stock Exchange Limited (formerly Karachi, Lahore and Islamabad Stock Exchanges). The registered office of the Company is situated at Rupali House, 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 the 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.

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

3.1 There are new and amended standards and interpretations that are mandatory for the Company's accounting periods beginning on or after July 01, 2015 but are considered not to be relevant or to have any significant effect on the Company's operations, except for adoption of IFRS-13 'Fair Value Measurement'.

IFRS - 13 'Fair Value Measurement' became effective during the year which establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required to or permitted by other IFRSs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants and at the measurement date.

# Notes to the Financial Statements

for the year ended 30 June 2016

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:

Effective for  
periods beginning  
on or after

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 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
IFRS 15	Revenue from contracts with customers	January 01, 2018
IFRS 16	Leases	January 01, 2019
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 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

Amendments to IFRS-10 and IAS-28 (Sale or Contribution of Assets between an Investor and its Associates or Joint Ventures) shall apply prospectively to transactions occurring in annual periods beginning on or after a date to be determined by IASB.

## 4 Significant accounting policies

The significant accounting policies as set out below are consistently applied for all periods presented in these financial statements except for adoption of IFRS-13 as disclosed in note to these financial statements.

### 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.

# Notes to the Financial Statements

for the year ended 30 June 2016

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.

#### 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 professional assessment of the price that would be received to sell the property in an orderly transaction between market participants at the measurement date.

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

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

# Notes to the Financial Statements

for the year ended 30 June 2016

## 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.

#### b) Loans and receivables

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

#### c) Available-for-sale financial assets

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

#### d) Held to maturity

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

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

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



# Notes to the Financial Statements

for the year ended 30 June 2016

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.

#### 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

# Notes to the Financial Statements

for the year ended 30 June 2016

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).

### 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.

# Notes to the Financial Statements

for the year ended 30 June 2016

## 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.

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 39 (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.

# Notes to the Financial Statements

as at 30 June 2016

Note	30 June 2016 (Rupees '000)	30 June 2015 (Rupees '000)
5.1	1,605,683	1,711,913
5.4	32,286	17,945
	<u>1,637,969</u>	<u>1,729,858</u>

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

	Owned Assets										Assets subject to finance lease		Total
	Freehold Land	Factory on freehold land	Building Office on freehold land	Office on leased land	Roads	Plant & machinery	Furniture & fittings	Vehicles	Office equipment	Other assets	Sub-total	Vehicles	

	21,172	80,001	14,858	153,841	1,484	1,387,973	10,932	7,609	25,369	2,483	1,705,722	6,191	6,191	1,711,913
	-	1,327	70	835	-	46,875	72	8,408	1,152	31	58,770	-	-	58,770
	-	-	-	-	-	-	-	(1,376)	(330)	(5)	(1,711)	-	-	(1,711)
	-	-	-	-	-	-	-	1,265	97	3	1,365	-	-	1,365
	-	-	-	-	-	-	-	(111)	(233)	(2)	(346)	-	-	(346)
	-	(8,014)	(744)	(7,706)	(74)	(140,861)	(1,096)	(3,326)	(2,584)	(249)	(164,654)	-	-	(164,654)
	21,172	73,314	14,184	146,970	1,410	1,293,987	9,908	12,580	23,704	2,263	1,599,492	6,191	6,191	1,605,683
	21,172	246,302	25,258	221,708	4,838	3,419,438	30,230	25,005	78,742	6,889	4,075,582	6,456	6,456	4,086,038
	-	(172,988)	(11,074)	(74,738)	(3,428)	(2,125,451)	(20,322)	(12,425)	(5,5038)	(4,626)	(2,480,090)	(265)	(265)	(2,480,355)
	21,172	73,314	14,184	146,970	1,410	1,293,987	9,908	12,580	23,704	2,263	1,599,492	6,191	6,191	1,605,683
	-	10	5	5	5	10	10	20	10	10	-	20	20	-

Gross carrying value basis  
As at 30 June 2016

- Cost  
- Accumulated depreciation  
Net book value (NBV)  
Depreciation rate p.a. (%)

	27,784	60,670	15,640	161,938	1,562	1,218,610	12,147	5,675	25,360	2,692	1,532,078	-	-	1,532,078
	-	26,499	-	-	-	300,301	-	4,199	2,633	62	333,694	6,456	6,456	340,150
	293,388	-	-	-	-	-	-	-	-	-	293,388	-	-	293,388
	(300,000)	-	-	-	-	-	-	-	-	-	(300,000)	-	-	(300,000)
	-	-	-	-	-	-	-	(3,955)	-	-	(3,955)	-	-	(3,955)
	-	-	-	-	-	-	-	3,063	-	-	3,063	-	-	3,063
	-	(7,168)	(782)	(8,097)	(78)	(130,938)	(1,215)	(1,373)	(2,624)	(271)	(152,546)	(265)	(265)	(152,811)
	21,172	80,001	14,858	153,841	1,484	1,387,973	10,932	7,609	25,369	2,483	1,712,334	6,191	6,191	1,711,913
	21,172	244,975	25,188	220,873	4,838	3,372,563	30,158	17,973	77,920	6,863	4,022,523	6,456	6,456	4,028,979
	-	(164,974)	(10,330)	(67,032)	(3,354)	(1,984,590)	(19,226)	(10,364)	(52,551)	(4,380)	(2,316,801)	(265)	(265)	(2,317,066)
	21,172	80,001	14,858	153,841	1,484	1,387,973	10,932	7,609	25,369	2,483	1,705,722	6,191	6,191	1,711,913
	-	10	5	5	5	10	10	20	10	10	-	20	20	-

Gross carrying value basis  
As at 30 June 2015

- Cost  
- Accumulated depreciation  
Net book value (NBV)  
Depreciation rate p.a. (%)

	21,172	80,001	14,858	153,841	1,484	1,387,973	10,932	7,609	25,369	2,483	1,712,334	6,191	6,191	1,711,913
	21,172	244,975	25,188	220,873	4,838	3,372,563	30,158	17,973	77,920	6,863	4,022,523	6,456	6,456	4,028,979
	-	(164,974)	(10,330)	(67,032)	(3,354)	(1,984,590)	(19,226)	(10,364)	(52,551)	(4,380)	(2,316,801)	(265)	(265)	(2,317,066)
	21,172	80,001	14,858	153,841	1,484	1,387,973	10,932	7,609	25,369	2,483	1,705,722	6,191	6,191	1,711,913
	-	10	5	5	5	10	10	20	10	10	-	20	20	-

5.2 The depreciation charge has been allocated as follows:

Note	30 June 2016 (Rupees '000)	30 June 2015 (Rupees '000)
28	149,198	138,455
29	773	718
30	14,683	13,638
	<u>164,654</u>	<u>152,811</u>

Cost of goods sold  
Selling and distribution expenses  
Administrative and general expenses



# Notes to the Financial Statements

as at 30 June 2016

## 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	693	656	37	575	538	Negotiation	Muhammad Abbas
Suzuki Cultus Car	683	609	74	475	401	Negotiation	Saadat Hussain
	1,376	1,265	111	1,050	939		
<b>Office Equipment</b>							
Air Conditioners	85	66	19	-	(19)	Salvage	---
MacBook Pro	245	32	213	-	(213)	Salvage	---
	330	98	232	-	(232)		
<b>Other Assets</b>							
Nokia Cell Phones	5	3	2	-	(2)	Salvage	---
	5	3	2	-	(2)		
2016	1,711	1,366	345	1,050	705		
2015	3,955	3,063	892	886	(6)		

## 5.4 Capital work-in-progress

Civil works  
Plant and machinery  
Office equipment  
Furniture and fixture

	30 June 2016 (Rupees '000)	30 June 2015 (Rupees '000)
Civil works	680	307
Plant and machinery	30,643	17,629
Office equipment	730	9
Furniture and fixture	233	-
	32,286	17,945

# Notes to the Financial Statements

as at 30 June 2016

	Note	30 June 2016 (Rupees '000)	30 June 2015 (Rupees '000)
6			
Investment property			
Fair value at the beginning of the year		325,000	-
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 year	6.2	75,000	25,000
Fair value at the end of the year		400,000	325,000

6.1 In 2015, the Company transferred a piece of land measuring five kanals out of property, plant and equipment, and designated it as an investment property. The resulting difference between the carrying amount and the fair value of such land at the date of transfer was recognised as revaluation surplus in accordance with the requirements of IAS-40 'Investment Properties'.

6.2 The fair value of investment property was determined at 30 June 2016 by an independent valuer having relevant professional qualifications. The fair value was determined on the basis of professional assessment of the price that would be received to sell the property in an orderly transaction between market participants at the measurement date.

	Note	30 June 2016 (Rupees '000)	30 June 2015 (Rupees '000)
7			
Long-term deposits			
Security deposits		4,361	4,361
		4,361	4,361
8			
Stores, spares and loose tools			
Stores -			
- In hand	8.1	93,106	106,137
- In transit		6,967	3,201
		100,073	109,338
Spares -			
- In hand		681,036	665,004
- In transit		16,850	3,196
		697,886	668,200
Loose tools -			
- In hand		6,432	6,226
		804,391	783,764

8.1 This includes fuel for power and steam generation amounting to Rs. 10.245 million (2015: Rs. 25.339 million).

# Notes to the Financial Statements

as at 30 June 2016

	Note	30 June 2016 (Rupees '000)	30 June 2015 (Rupees '000)
9			
Stock-in-trade			
Raw and packing materials -			
- In hand		237,946	276,706
- In transit		-	318
		237,946	277,024
Work-in-process		22,059	37,713
Finished goods	9.1	271,451	409,401
		531,456	724,138

9.1 Finished goods of Rs. 126.134 million (2015: Rs. 158.478 million) are being carried at net realizable value and an amount of Rs. 22.663 million (2015: Rs. 12.782 million) has been charged to cost of goods sold.

	Note	30 June 2016 (Rupees '000)	30 June 2015 (Rupees '000)
10			
Trade debts			
Considered good - Unsecured		10,081	1,552
		10,081	1,552
11			
Loans and advances - Considered good			
Loans due from -			
- Executives	11.1	457	362
- Non-Executives	11.1	1,303	1,495
		1,760	1,857
Advances due from -			
- Staff against expenses		760	236
- Suppliers and contractors		12,804	20,695
		13,564	20,931
		15,324	22,788

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 12 equal monthly instalments. These loans carry mark-up at the rate of 14.00% (2015: 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. 0.457 million (2015: Rs. 0.362 million). None of these loans are outstanding for more than 1 year. Further, the chief executive officer and directors have not taken any loan or advance from the Company.

# Notes to the Financial Statements

as at 30 June 2016

	Note	30 June 2016 (Rupees '000)	30 June 2015 (Rupees '000)
12			
Trade deposits and short-term prepayments			
Deposits - Considered good			
Margin on bank guarantees		265	265
Prepayments - Considered good			
Prepaid rent		2,903	3,607
Prepaid insurance		734	508
Other prepayments		396	1,018
		4,298	5,398
13			
Other Receivables			
Considered good			
Due from associated companies	13.1	31	28
Due from other related parties	13.2	41,942	41,941
Insurance claim receivable		2,125	866
Sales tax refundable		487,829	397,701
Others		3,230	1,497
		535,157	442,033
Considered doubtful			
Sales tax refundable		28,513	28,513
Less: Provision for doubtful receivables	13.3	(26,821)	(26,821)
		1,692	1,692
Others		14,129	15,903
		550,978	459,628

13.1 Maximum amount due from associated companies at the end of any month during the year was Rs. 0.069 million (2015: Rs. 0.069 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 (2015: Rs. 41.944 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 (2015: 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.

# Notes to the Financial Statements

as at 30 June 2016

	Note	30 June 2016 (Rupees '000)	30 June 2015 (Rupees '000)
14			
Taxation - net			
Advance tax		226,204	212,345
Provision for taxation	34	(48,900)	-
		<u>177,304</u>	<u>212,345</u>

The income tax assessment of the company has been finalized up to Tax Year 2015 (accounting year ended 30 June 2015). Return for the tax year 2015 has been duly filed.

	Note	30 June 2016 (Rupees '000)	30 June 2015 (Rupees '000)
15			
Cash and bank balances			
Balance with banks			
- Current accounts		178	8,512
- PLS Accounts			
- Local currency	15.1	247,792	10,585
- Foreign currency	15.2	19	19
		<u>247,989</u>	<u>19,116</u>
Cash in hand			
- Local currency		2,415	360
- Foreign currency		224	92
		<u>2,639</u>	<u>452</u>
		<u>250,628</u>	<u>19,568</u>

15.1 The balances in PLS accounts carry mark-up rate ranging between 4.00% to 8.25% (2015: 4.50% to 9.80%) for local currency and Nil (2015: Nil) for foreign currency.

15.2 Cash at banks in PLS accounts include US \$ 181.12 (2015: US \$ 181.12).



# Notes to the Financial Statements

as at 30 June 2016

		Note	30 June 2016 (Rupees '000)	30 June 2015 (Rupees '000)
16	Issued, subscribed and paid-up capital			
	30 June 2016			
	30 June 2015			
	Ordinary shares of Rs. 10 each			
	Ordinary shares of Rs. 10 each			
	9,690,900		96,909	96,909
	19,933,895		199,339	199,339
	4,443,719		44,437	44,437
	34,068,514		340,685	340,685
17	Reserves			
	Capital			
	- Share premium	17.1	71,490	71,490
	Revenue			
	- General reserve		1,664,125	1,664,125
	- Accumulated loss		(1,336,889)	(1,003,411)
			327,236	660,714
			398,726	732,204

17.1 This reserve can be utilized by the company only for the purposes specified in section 83(2) of the Companies Ordinance, 1984.

## 18 Surplus on revaluation of freehold land

During the year ended 30 June 2015, the Company carried out a revaluation of one of its freehold land which represents an uncovered area measuring five kanals situated at Race Course Road, Lahore. M/s Hamid Mukhtar & Co. (Pvt.) Limited carried out the valuation exercise, based on their assessment and prevailing market conditions of real estate in that area. They were of the opinion that fair market rate of the plot was assessed to be 60 million per kanal at that date.

	Note	30 June 2016 (Rupees '000)	30 June 2015 (Rupees '000)
19	Long-term financing		
	From banking companies - secured		
	- Utilized under mark-up arrangement	19.1	306,465
	Current portion shown under current liabilities	25	(61,293)
	Non-current portion		245,172
			283,314

19.1 In 2015 the Company obtained a term finance facility of Rs. 500 million from MCB Bank Limited for the purpose of import of plant and machinery, spare parts and related civil works. The facility is secured by way of first charge over fixed assets aggregating to Rs. 667 million, lien over import documents and promissory note of Rs. 975 million and carries a mark-up of 6 month KIBOR + 0.5% to be reset on biannual basis. The loan is repayable in 10 equal half yearly instalments starting from November 2016.

# Notes to the Financial Statements

as at 30 June 2016

## 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 2016	30 June 2015
Discount rate (%) per annum	9	9
Expected rate of salary increase in future years (%) per annum	8	8
Average expected remaining working life time of employees (years)	7	7
Average duration of liability (years)	6	6

	Note	30 June 2016 (Rupees '000)	30 June 2015 (Rupees '000)
20.1.2 The amount recognised in the balance sheet			
Present value of defined benefit obligation	20.1.3	121,043	105,313
Less: fair value of plan assets		-	-
Defined benefit liability at the end of the year		121,043	105,313
20.1.3 Reconciliation of present value of defined benefit obligation			
Present value at the beginning of the year		105,313	85,362
Charge for the year - Profit and loss account	20.1.4	21,531	21,377
Charge for the year - Other comprehensive income	20.1.5	-	7,790
Benefits paid during the year		(5,801)	(9,216)
Present value at the end of the year		121,043	105,313
20.1.4 Amount chargeable to profit or loss for the year			
Current service cost		12,314	13,302
Net interest cost		9,217	8,075
		21,531	21,377
20.1.5 Remeasurement of net defined benefit liability			
Actuarial (gains) / losses due to changes in demographic assumptions		-	(254)
Actuarial (gains) / losses due to experience assumptions		-	8,044
		-	7,790
20.1.6 Charge for the year has been allocated as follows:			
Cost of goods sold	28	13,827	13,728
Selling and distribution expenses	29	385	383
Administrative and general expenses	30	7,319	7,266
		21,531	21,377

# Notes to the Financial Statements

as at 30 June 2016

## 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	113,488	129,707
Present value in case of future salary growth	129,707	113,356

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. 26.907 million (2015: Rs. 25.385 million).

20.2.2 As intimated by the Trustees, the cost of investments made at the year end was Rs. 26.643 million (2015: Rs. 25.157 million), 99.02% of the total fund size (2015: 99.10%). 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.

	Note	30 June 2016 (Rupees '000)	30 June 2015 (Rupees '000)
21 Deferred taxation - net			
Deferred tax liability on taxable temporary differences			
- Accelerated tax depreciation allowance		280,839	293,834
Deferred tax asset on deductible temporary differences			
- On unutilised tax losses	21.1	-	(25,609)
- Defined benefit obligation		-	(2,337)
- Liabilities against assets subject to finance lease		(1,292)	-
		279,547	265,888

21.1 The Company has assessed unutilised tax losses of Rs. 1,411.298 million to be off set against future taxable profits and deferred tax asset arising thereon amounts to Rs. 423.389 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.

# Notes to the Financial Statements

as at 30 June 2016

	Note	30 June 2016 (Rupees '000)	30 June 2015 (Rupees '000)
22 Liabilities against assets subject to finance lease			
Minimum lease payments			
- payable within one year		1,205	1,238
- payable after one year but before five years		3,760	5,206
		4,965	6,444
Future financial charges			
- payable within one year		269	395
- payable after one year but before five years		389	804
		658	1,199
Present value of minimum lease payments			
- payable within one year		936	843
- payable after one year but before five years		3,371	4,402
		4,307	5,245
Current portion shown under current liabilities	25	(936)	(843)
Non-current portion		3,371	4,402

22.1 Future minimum lease payments have been discounted at implicit interest rates ranging from 7.74% to 11.44% (2015: 8.12% to 11.44%) 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 2016 (Rupees '000)	30 June 2015 (Rupees '000)
23 Trade and other payables			
Creditors		751,131	845,985
Due to associated companies	23.1	576	966
Accrued liabilities		77,948	51,871
Advances from customers		34,494	14,670
Retention money		901	3,708
Payable to provident fund		264	295
Income tax deducted at source		442	433
Workers' profit participation fund	23.2	7,508	7,508
Unclaimed dividend		1,111	1,111
Other payables		397	1,071
		874,772	927,618
23.1 Due to associated companies			
These are in the normal course of business and are interest free.			
23.2 Workers' profit participation fund			
Balance at the beginning of the year		7,508	7,508
Add: Allocation for the year		-	-
Less: Amount paid to the trustees of the fund		-	-
Balance at the end of the year		7,508	7,508

# Notes to the Financial Statements

as at 30 June 2016

	Note	30 June 2016 (Rupees '000)	30 June 2015 (Rupees '000)
24 Short-term borrowings			
From banking companies - secured			
Running finances under mark-up arrangements from banks	24.1 & 24.2	1,285,057	1,306,341
From related party - unsecured			
Interest free loan	24.3	458,000	-
		<u>1,743,057</u>	<u>1,306,341</u>

24.1 The aggregate finance facilities available from various commercial banks amounted to Rs. 1,681.242 million (2015: Rs. 1,981.242 million). These carry mark-up at the rates ranging from 6.84% to 9.18% (2015: 7.18% to 11.68%) p.a. and are secured against hypothecation charge on current assets of Rs. 1,901.765 million (2015: Rs. 2,794.256 million) and promissory notes of Rs. 1,690.100 million (2015: Rs. 1,658.131 million) respectively. Maximum amount utilised during the year ended 30 June 2016 amounted to Rs. 1,667.132 million (2015: Rs. 1,598.020 million).

24.2 The facilities for opening letter of credit from various commercial banks as at 30 June 2016 aggregates to Rs. 1,914.060 million (2015: Rs. 2,014.060 million) of which the amount remained unutilised at the year-end was Rs. 876.879 million (2015: Rs. 964.936 million).

24.3 The Company availed interest free and unsecured loan from Trustees Alnu Trust holding 17.83% (2015: nil) of the total share capital of the Company. During the year, loan amounting to Rs. 536 million (2015: Rs. nil) has been obtained and Rs. 78 million (2015: Rs. Nil) has been repaid. Maximum amount utilised during the year ended 30 June 2016 amounted to Rs. 487 million (2015: Rs. nil). The loan is repayable on demand by the Trust.

	Note	30 June 2016 (Rupees '000)	30 June 2015 (Rupees '000)
25 Current portion of long-term borrowings			
Long-term financing	19	61,293	-
Liabilities against assets subject to finance lease	22	936	843
		<u>62,229</u>	<u>843</u>

## 26 Contingencies and commitments

### 26.1 Contingencies:

26.1.1 Guarantees issued to different organizations in the normal course of business amounted to Rs. 81.314 million (2015: Rs. 66.314 million).

26.1.2 No outstanding guarantees were given on behalf of related parties as at 30 June 2016 and 2015.

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

### 26.2 Commitments:

26.2.1 Contracts for capital expenditure commitments outstanding as at 30 June 2016 amounted to Rs. 107.967 million (2015: Rs. 93.432 million).

26.2.2 Commitments against irrevocable letters of credit as at 30 June 2016 amounted to Rs. 1,037.181 million (2015: Rs. 1,049.124 million).



# Notes to the Financial Statements

for the year ended 30 June 2016

	Note	30 June 2016 (Rupees '000)	30 June 2015 (Rupees '000)
<b>27 Sales</b>			
Gross sales - local		5,053,588	4,956,049
Less:			
- Commission / discount		(14,562)	(16,211)
- Sales Tax		(148,985)	(97,898)
		(163,547)	(114,109)
		<b>4,890,041</b>	<b>4,841,940</b>
<b>28 Cost of goods sold</b>			
Raw and packing materials consumed		3,750,664	3,745,990
Stores and spares consumed		67,924	59,839
Salaries, wages and amenities	28.1	245,121	214,419
Fuel and power		536,146	603,733
Repair and maintenance		35,096	28,841
Running and maintenance of vehicles		12,752	12,732
Insurance		15,369	15,084
Depreciation	5.2	149,198	138,455
Rent, rates and taxes		1,559	924
Other expenses		1,742	1,569
Manufacturing cost		4,815,571	4,821,586
Add: Opening Work-in-Process		37,713	18,942
Less: Closing Work-in-Process		(22,059)	(37,713)
Cost of goods manufactured		4,831,225	4,802,815
Add: Opening Finished Goods		409,401	589,045
Less: Closing Finished Goods		(271,451)	(409,401)
		<b>4,969,175</b>	<b>4,982,459</b>

28.1 Salaries, wages and amenities include Rs. 13.827 million (2015: Rs. 13.728 million) in respect of staff retirement benefits and Rs. 0.643 million (2015: Rs 0.534 million) in respect of provident fund contribution.

# Notes to the Financial Statements

for the year ended 30 June 2016

	Note	30 June 2016 (Rupees '000)	30 June 2015 (Rupees '000)
<b>29 Selling and distribution expenses</b>			
Salaries, wages and amenities	29.1	4,338	4,244
Rent, rates and taxes		181	44
Electricity, gas and water charges		208	252
Postage, telephone and fax		100	103
Printing and stationery		173	141
Books and subscription		73	30
Running and maintenance of vehicles		69	75
Repair and maintenance		210	146
Travelling expenses		155	300
Entertainment		62	82
Insurance		42	50
Depreciation	5.2	773	718
Freight and forwarding		6,693	5,821
		<b>13,077</b>	<b>12,006</b>

29.1 Salaries, wages and amenities include Rs. 0.385 million (2015: Rs. 0.383 million) in respect of staff retirement benefits and Rs. 0.037 million (2015: Rs. 0.042 million) in respect of provident fund contribution.

	Note	30 June 2016 (Rupees '000)	30 June 2015 (Rupees '000)
<b>30 Administrative and general expenses</b>			
Salaries, wages and amenities	30.1	93,523	86,429
Director's remuneration		5,735	5,315
Rent, rates and taxes		3,430	835
Electricity, gas and water charges		3,954	4,781
Postage, telephone and fax		1,902	1,960
Printing and stationery		3,278	2,682
Books and subscription		1,388	562
Running and maintenance of vehicles		1,309	1,428
Repair and maintenance		3,992	2,777
Legal and professional charges		2,325	7,434
Travelling expenses		2,954	5,703
Entertainment		1,186	1,555
Auditors' remuneration	30.2	850	850
Insurance		808	959
Advertisement		738	107
Depreciation	5.2	14,683	13,638
Bad debts		-	12
Miscellaneous expenses		307	273
		<b>142,362</b>	<b>137,300</b>

# Notes to the Financial Statements

for the year ended 30 June 2016

30.1 Salaries, wages and amenities include Rs. 7.319 million (2015: Rs. 7.266 million) in respect of staff retirement benefits and Rs. 0.708 million (2015: Rs. 0.802 million) in respect of provident fund contribution.

	Note	30 June 2016 (Rupees '000)	30 June 2015 (Rupees '000)
30.2 Auditors' remuneration			
Audit fee		525	525
Certification and review		85	85
Taxation services		240	240
		<b>850</b>	<b>850</b>
31 Other charges			
Charity and donation	31.1	1,860	1,500
Exchange loss		61	44
Loss on disposal of operating fixed assets	5.3	-	6
		<b>1,921</b>	<b>1,550</b>
31.1 None of the directors and their spouses had any interest in donee institution.			
32 Other income			
Income from financial assets			
Mark-up / Interest income	32.1	1,909	2,042
Income from non-financial assets			
Scrap, waste and other sales - net	32.2	22,668	28,369
Remission of liabilities		405	2,127
Profit on disposal of operating fixed assets	5.3	705	-
Gain on remeasurement of fair value of investment property	6	75,000	25,000
Misc. income		-	36
		<b>98,778</b>	<b>55,532</b>
		<b>100,687</b>	<b>57,574</b>
32.1 Mark-up / Interest income			
Interest income from banks		1,647	1,816
Mark-up income on:			
- Staff loans		262	226
		<b>1,909</b>	<b>2,042</b>
32.2 Scrap, waste and other sales - net			
Gross sales		24,887	32,172
Less: Sales tax		(2,219)	(3,803)
		<b>22,668</b>	<b>28,369</b>

# Notes to the Financial Statements

for the year ended 30 June 2016

	Note	30 June 2016 (Rupees '000)	30 June 2015 (Rupees '000)
33			
Finance cost			
Mark-up on long-term financing		20,120	22,296
Mark-up on short-term borrowings		113,549	144,751
Mark-up on liabilities against assets subject to finance lease		399	125
Bank commission and other charges		1,044	125
		<u>135,112</u>	<u>167,297</u>
34			
Taxation			
Current			
- for the year	34.1	48,900	-
- prior years		-	-
		48,900	-
Deferred			
Origination and reversal of temporary differences		(11,950)	16,864
Unutilised tax losses		25,609	-
Impact of change in tax rate		-	(33,515)
		13,659	(16,651)
		<u>62,559</u>	<u>(16,651)</u>

34.1 This represents minimum tax at the rate of 1% of the turnover in accordance with section 113 of the Income Tax Ordinance, 2001 ("the Ordinance"). According to the Ordinance, if the Company has declared gross loss before set-off of depreciation and other inadmissible expenses, minimum tax is not chargeable to the Company. During the year ended 30 June 2015, minimum tax was, therefore, not chargeable to the Company.

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

	Note	30 June 2016 %	30 June 2015 %
Applicable tax rate	34.2.1	32.00	33.00
Tax effect of:			
- Change in deferred tax liability		4.41	(4.20)
- Change in statutory tax rate	34.2.2	-	8.36
- Minimum turnover tax		(18.05)	-
- Unutilised tax losses		(9.45)	-
- Others		(32.00)	(33.00)
		(55.09)	(28.85)
Average effective tax rate		<u>(23.09)</u>	<u>4.15</u>

34.2.1 Applicable income tax rate was reduced from 33% to 32% for the year on account of changes made to Income Tax Ordinance, 2001.

34.2.2 The applicable income tax rate for subsequent years beyond Tax Year 2017 was reduced to 30% on account of changes made Income Tax Ordinance, 2001 through Finance Act, 2016. Deferred tax, therefore, is computed at the rate of 30% applicable to the period when temporary differences are expected to be reversed / utilised.

# Notes to the Financial Statements

for the year ended 30 June 2016

	Note	30 June 2016	30 June 2015
35			
Loss per share			
35.1			
Loss per share - basic			
Loss for the year after taxation attributable to ordinary shareholders (Rupees in thousand)		(333,478)	(384,447)
Weighted average ordinary shares in issue during the year (No. of shares)	16	34,068,514	34,068,514
Basic earnings per share (Rupees)		(9.79)	(11.28)
35.2			
Loss per share - diluted			
There is no dilutive potential ordinary shares outstanding as at 30 June 2016 and 2015.			
	Note	30 June 2016 (Rupees '000)	30 June 2015 (Rupees '000)
36			
Cash generated from operations			
Loss before taxation		(270,919)	(401,098)
Adjustments for non-cash and other items			
Depreciation	5.2	164,654	152,811
(Profit)/Loss on disposal of property, plant and equipment	5.3	(705)	6
Gain on remeasurement of fair value of investment property	6	(75,000)	(25,000)
Provision for staff retirement benefits	20.1	21,531	21,377
Exchange loss	31	61	44
Remission of liabilities	32	(405)	(2,127)
Profit on bank deposits	32.1	(1,909)	(1,816)
Finance cost	33	135,112	167,297
		243,339	312,592
		(27,580)	(88,506)
Effect on cash flow due to working capital changes (Increase) / Decrease in current assets			
Stores, spares and loose tools		(20,627)	18,766
Stock-in-trade		192,682	170,121
Trade debts		(8,529)	3,196
Loans and advances		7,464	(5,591)
Trade deposits and short-term prepayments		1,100	(3,841)
Other receivables		(91,350)	(74,507)
		80,740	108,144
(Decrease) / Increase in current liabilities			
Trade and other payables		(52,441)	337,617
Cash generated from operations		719	357,255



# Notes to the Financial Statements

for the year ended 30 June 2016

## 37 Financial risk management

### 37.1 Financial risk factors

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

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

#### (a) Market risk

##### (i) Currency risk

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

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

5% strengthening of Pak rupee against the following currencies at 30 June 2016 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 Equity	Rupees '000 Profit or (Loss)
Great Britain Pound	-	-
US Dollar	(4,258)	(6,262)
Japanese Yen	24	35
Euro	23	34

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

##### (ii) Interest rate risk

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

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

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

	30 June 2016 (Rupees '000)	30 June 2015 (Rupees '000)
Fixed rate instruments		
Financial assets		
Loan against instalments	1,760	1,857
Financial liabilities	(4,307)	(5,245)
Net exposure	(2,547)	(3,388)

# Notes to the Financial Statements

for the year ended 30 June 2016

	30 June 2016 (Rupees '000)	30 June 2015 (Rupees '000)
Floating rate instruments		
Financial assets		
Bank balances - savings accounts	247,811	10,604
Financial liabilities		
Long-term financing	(306,465)	(283,314)
Short-term borrowings	(1,743,057)	(1,306,341)
Net exposure	<u>(1,801,711)</u>	<u>(1,579,051)</u>

## 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. 0.904 million (2015: Rs. 0.931 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 2016 (Rupees '000)	30 June 2015 (Rupees '000)
Trade debts	10,081	1,552
Advances, deposits and other receivables	574,961	492,175
Bank balances	250,628	19,568
	<u>835,670</u>	<u>513,295</u>

There is no impairment loss of trade receivables as at June 30, 2016 and 2015.

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

# Notes to the Financial Statements

for the year ended 30 June 2016

(ii) Credit quality of major financial assets

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

	Rating		Rating Agency	30 June 2016 (Rupees '000)	30 June 2015 (Rupees '000)
	Short-term	Long-term			
Efu General Life Insurance Limited	-	AA+	PACRA	692	508
Askari Bank Limited	A1+	AA+	PACRA	-	4
Habib Bank Limited	A1+	AA+	PACRA	142	253
National Bank of Pakistan	A1+	AAA	PACRA	6	2
Bank Al-Habib Limited	A1+	AA+	PACRA	29	-
MCB Bank Limited	A1+	AAA	PACRA	-	-
Soneri Bank Limited	AA-	A1+	PACRA	247,810	18,857
				<b>248,679</b>	<b>19,624</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.

At 30 June 2016	Carrying amount	Less than one year	One to five years	More than five years
	(Rupees '000)			
Long-term financing	306,465	61,293	245,172	-
Short-term borrowings	1,743,057	1,743,057	-	-
Trade and other payables	874,772	874,772	-	-
	<b>2,924,294</b>	<b>2,679,122</b>	<b>245,172</b>	<b>-</b>
At 30 June 2015	Carrying amount	Less than one year	One to five years	More than five years
	(Rupees '000)			
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>

# Notes to the Financial Statements

for the year ended 30 June 2016

## 37.2 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 2016 (Rupees '000)	30 June 2015 (Rupees '000)
<b>37.3 Financial instruments by categories</b>		
(a) Loans and receivables at amortised cost		
Assets as per balance sheet		
Trade debts	10,081	1,552
Advances, deposits and other receivables	574,961	492,175
Cash and bank balances	250,628	19,568
	<b>835,670</b>	<b>513,295</b>
(b) Financial liabilities at amortised cost		
Liabilities as per balance sheet		
Long-term financing	306,465	283,314
Trade and other payables	874,772	927,618
Short-term borrowings	1,743,057	1,306,341
Accrued mark-up	24,800	28,404
	<b>2,949,094</b>	<b>2,545,677</b>

## 37.4 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.

## 37.5 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares, obtain long term debt or sell assets to reduce debt.

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

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

The gearing ratio of the Company is as follows:

	30 June 2016 (Rupees '000)	30 June 2015 (Rupees '000)
Long-term financing - note 19	245,172	283,314
Total equity	739,411	1,072,889
Total capital	<b>984,583</b>	<b>1,356,203</b>
Gearing ratio	<b>0.249</b>	<b>0.209</b>

# Notes to the Financial Statements

for the year ended 30 June 2016

## 38 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	
	2016	2015	2016	2015	2016	2015
Managerial remuneration	-	-	3,709	3,534	40,734	34,405
House rent	-	-	1,113	1,060	12,220	10,322
Utilities	-	-	371	353	4,171	3,537
Medical expenses	-	-	371	353	4,073	3,440
Retirement benefits	-	-	-	-	588	634
Others	-	-	171	15	1,390	777
	-	-	5,735	5,315	63,176	53,115
Number of person(s)	1	1	1	1	41	39

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

38.2 No remuneration has been paid to executive and non-executive directors for attending company meetings during the year ended 30 June 2016 and 2015.

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

39.1 Details of transaction with related parties			30 June 2016 (Rupees '000)	30 June 2015 (Rupees '000)
Name	Nature of Relationship	Nature of Transactions		
Rupafil Limited	Associated undertaking	- Sales of goods and services	621,711	374,304
		- Purchase of goods and services	219,023	924,609
Rupali Nylon (Pvt.) Limited	Associated undertaking	- Sales of goods and services	-	-
		- Purchase of goods and services	5,327	4,069
Soneri Bank Limited	Associated undertaking	- Profit on Bank Deposits	1,372	1,816
Spintex Limited	Related party	- Sales of goods and services	-	-
		- Purchase of goods and services	12	103
Provident Fund Trust	Defined contribution plan	- Contribution to Provident Fund	1,388	1,378
Alnu Trust	Related party	- Short-term borrowings	458,000	-



# Notes to the Financial Statements

for the year ended 30 June 2016

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.

	30 June 2016 (Rupees '000)	30 June 2015 (Rupees '000)
<b>39.2 Amount due from / (outstanding to) related parties</b>		
<b>Rupafil Limited</b>		
- Sale of goods and services	-	-
- Purchase of goods and services	(576)	(955)
<b>Rupali Nylon (Pvt.) Limited</b>		
- Sale of goods and services	-	-
- Purchase of goods and services	-	(11)
<b>Spintex Limited</b>		
- Sale of goods and services	41,942	41,941
- Purchase of goods and services	-	-
<b>Rupafil PowerGen (Pvt.) Limited</b>		
- Sale of goods and services	31	28
- Purchase of goods and services	-	-
	<b>30 June 2016 (M. Tons)</b>	<b>30 June 2015 (M. Tons)</b>
<b>40 Plant capacity and actual production</b>		
Annual capacity (in three shifts)		
- Yarn	10,100	10,100
- Fibre	12,000	12,000
Actual production		
- Yarn	7,780	7,527
- Fibre	24,171	19,328
	<b>30 June 2016 (Nos.)</b>	<b>30 June 2015 (Nos.)</b>
<b>41 Number of employees</b>		
Total number of employees at the end of the year	1198	1251
Average number of employees for the year	1215	1140
<b>42 Date of authorization for issue</b>		
These financial statements were authorized for issue on 21 September 2016 by the Board of Directors of the Company.		
<b>43 Corresponding figures</b>		
Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant reclassifications in these financial statements have been made.		
<b>44 General</b>		
Figures have been rounded off to the nearest thousand rupees unless otherwise stated.		

Nooruddin Feerasta  
Chief Executive Officer

Muhammad Rashid Zahir  
Director

# Pattern of Shareholding

as at 30 June 2016

Number of Shareholders	Shareholding			Total Shares Held
	From		To	
188	1	-	100	6,282
122	101	-	500	40,544
99	501	-	1000	75,007
112	1001	-	5000	295,627
25	5001	-	10000	190,474
10	10001	-	15000	129,701
2	15001	-	20000	36,000
3	20001	-	25000	66,689
3	25001	-	30000	80,500
3	30001	-	35000	96,379
1	35001	-	40000	39,000
1	40001	-	45000	45,000
1	45001	-	50000	47,000
1	60001	-	65000	61,000
1	85001	-	90000	87,050
1	95001	-	100000	98,500
2	110001	-	115000	230,000
1	145001	-	150000	146,482
1	205001	-	210000	209,490
1	225001	-	230000	230,000
1	270001	-	275000	275,000
1	285001	-	290000	286,000
1	325001	-	330000	326,662
1	350001	-	355000	352,811
1	455001	-	460000	456,661
1	470001	-	475000	472,022
2	480001	-	485000	966,418
1	485001	-	490000	488,010
1	640001	-	645000	643,000
1	815001	-	820000	816,483
1	2240001	-	2245000	2,240,641
1	3830001	-	3835000	3,834,290
1	8515001	-	8520000	8,519,800
1	12175001	-	12180000	12,179,991
593		TOTAL		34,068,514

# Pattern of Shareholding

## as at 30 June 2016

Categories of Shareholders	Number	Shares Held	Percentage
Individuals	568	4,375,657	12.85
Joint Stock Companies	0	0	0.00
Investment Companies	0	0	0.00
Directors, Chief Executive Officer and their Spouses and minor Children	9	996,423	2.91
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. Shehzad Feerasta		490	0.00
Mr. Zeeshan Feerasta		10	0.00
Mr. Abdul Hayee		1,150	0.00
Mrs. Roshan Ara Sayani w/o Mr. Muhammad Ali Sayani		483,918	1.42
Mrs. Amyna N. Feerasta w/o Mr. Nooruddin Feerasta		500	0.00
<b>Total:</b>		<b>996,423</b>	<b>2.91</b>
Executives			
National Bank of Pakistan, Trustee Deptt.	5	1,612,005	4.74
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	6	309,507	0.91
Foreign Investors	1	8,519,800	25.01
Co-operative Societies	0	0	0.00
Trusts	3	18,254,922	53.58
Others			
<b>Total:</b>	<b>593</b>	<b>34,068,514</b>	<b>100.00</b>

# Pattern of Shareholding

as at 30 June 2016

## SHAREHOLDERS HOLDING FIVE PERCENT OR MORE VOTING INTEREST IN THE COMPANY

Name of Shareholders	No. of Shares Held	Percentage
Trustees Feerasta Senior Trust	12,179,991	35.75
Deutsche Bank Investments (Guernsey) Limited	8,519,800	25.01
Trustees ALNU Trust	6,074,931	17.83
<b>Total:</b>	<b>26,774,722</b>	<b>78.59</b>

### Trading in Shares During 2015-16:

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

# Proxy Form 36th 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 36th Annual General Meeting of the Company to be held on 31 October 2016 or at any adjournment thereof.

Revenue Stamp

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

Dated this \_\_\_\_ day of October 2016

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

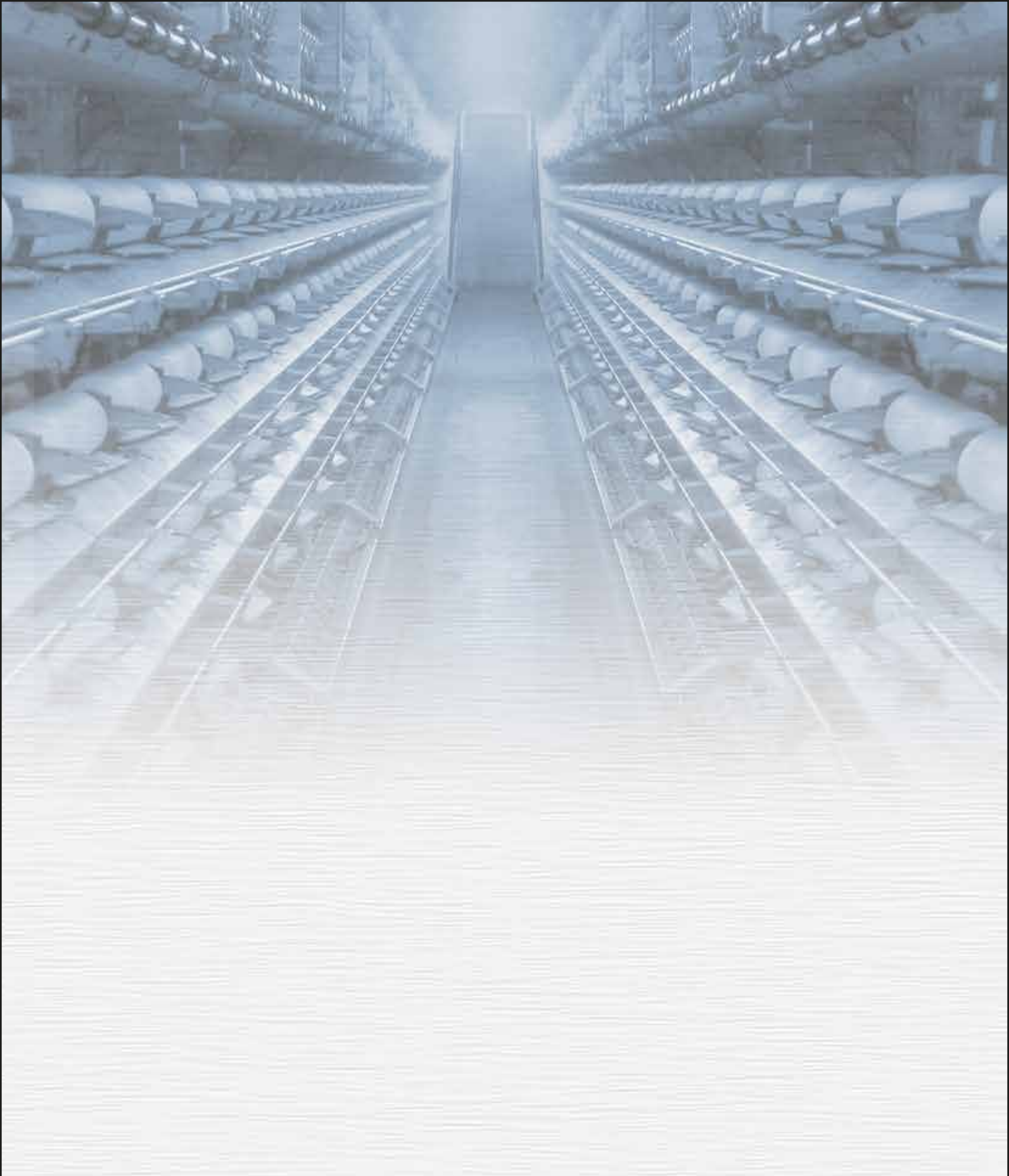
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درست رقم کی  
نکٹ چسپاں کریں

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



**Rupali Polyester Limited**

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