ANNUAL REPORT 2013






Rupali

Rupali Polyester Limited

Contents

Corporate Data

Board of Directors

Chairman
Jafferali M. Feerasta - Non-Executive

Chief Executive Officer
Nooruddin Feerasta - Executive

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

Committees of Board of Directors

Audit Committee

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

Human Resource & Remuneration Committee

Jafferali M. Feerasta - Chairman
Nooruddin Feerasta - Member
Amin A. Feerasta - Member

Chief Financial Officer
Ayub Saqib

Company Secretary
S. Ghulam Shabbir Gilani

Bankers
Bank Alfalah Limited
Bank Al-Habib Limited
Citibank, N.A.
Faysal Bank Limited
Habib Bank Ltd
MCB Bank Limited
NIB Bank Limited
Soneri Bank Limited

Auditors
Qavi & Co
Chartered Accountants

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

Plant
30.2 Kilometer Lahore - Sheikhupura Road
Sheikhupura - 39350 PAKISTAN

Our Vision

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

Our Mission

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

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

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

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

Our Core Values

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

Company Profile

RUPALI POLYESTER LIMITED was incorporated at Karachi in May 1980 as a Public Limited Company and is listed on all stock exchanges of Pakistan. It owns and operates composite facilities to manufacture Polyester Staple Fiber and 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. 3,671 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.

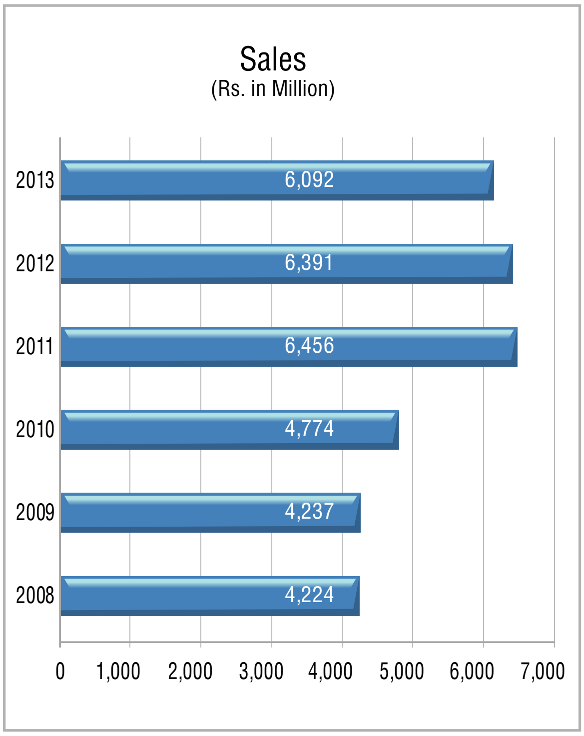
AL HAMDO LILLAH, the Company enjoys high prestige and reputation in the business community, banks, financial institutions and customers. It is also amongst major contributors to the national exchequer.

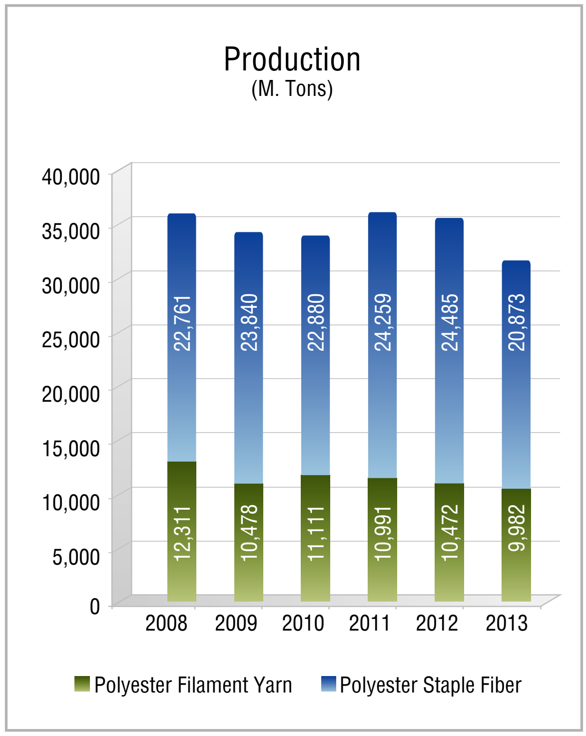
Financial Highlights

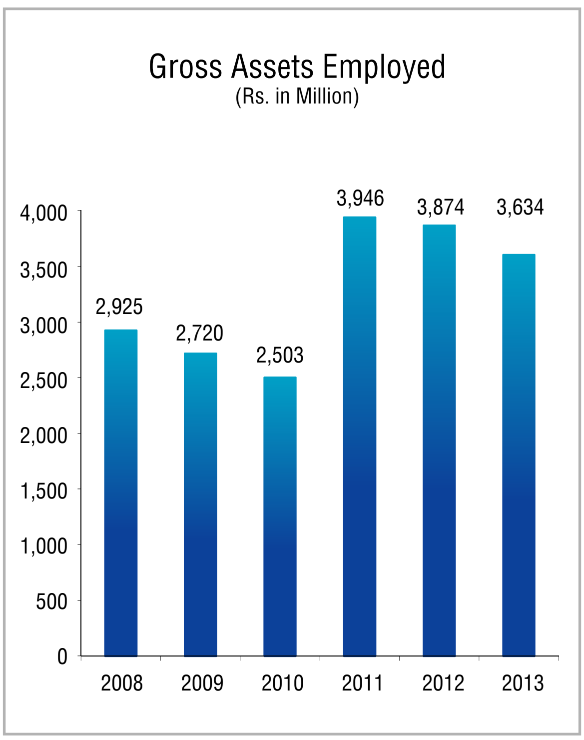
	UOM	2013	(Restated) 2012	2011
Profit and Loss Account				
Sales - Net	Rs. in thousand	6,091,802	6,390,922	6,455,848
Cost of Goods Sold	Rs. in thousand	6,317,322	6,175,904	5,804,892
Gross Profit	Rs. in thousand	(225,520)	215,018	650,956
Operating profit	Rs. in thousand	(275,782)	125,266	515,795
Profit before tax	Rs. in thousand	(357,747)	81,750	503,881
Profit after tax	Rs. in thousand	(436,600)	20,939	332,262
Income tax - current	Rs. in thousand	30,459	63,909	116,219
- prior years	Rs. in thousand	565	(33,233)	(3,230)
- deferred	Rs. in thousand	47,829	30,135	58,630
Dividend				
Cash dividend	Rs. in thousand		34,068	187,377
Cash dividend rate	Percentage		10	55
Balance Sheet				
Share capital	Rs. in thousand	340,685	340,685	340,685
Reserves	Rs. in thousand	1,735,615	1,735,615	1,735,615
Unappropriated profit	Rs. in thousand	(210,227)	259,657	420,502
Shareholders equity	Rs. in thousand	1,866,073	2,335,957	2,496,802
No. of ordinary shares	Numbers	34,068,514	34,068,514	34,068,514
Non current liabilities	Rs. in thousand	411,167	365,068	329,253
Current liabilities	Rs. in thousand	1,393,461	1,400,079	1,146,577
Property, Plant and Equipment	Rs. in thousand	1,540,900	1,311,704	1,192,889
Capital work-in-progress	Rs. in thousand	37,110	226,909	26,998
Long term investments/loans/deposits	Rs. in thousand	4,281	4,281	4,281
Current assets	Rs. in thousand	2,088,409	2,558,210	2,748,464
Net current assets	Rs. in thousand	694,948	1,158,131	1,601,887
Total liabilities	Rs. in thousand	3,670,700	4,101,104	3,972,632
Total Assets	Rs. in thousand	3,670,700	4,101,104	3,972,632
Ratios Analysis				
Gross profit	Percentage	(3.70)	3.36	10.08
Net profit	Percentage	(7.17)	0.33	5.15
Return on equity	Percentage	(23.40)	0.90	13.31
Return on capital employed	Percentage	(14.48)	3.31	18.25
Current ratio	Times	0.50	0.83	2.40
Inventory turnover	Times	5	4	4
Cash dividend per share	Rupees		1.00	5.50
Debt : equity ratio		0 : 100	0 : 100	0 : 100
Break-up value per share	Rupees	54.77	68.40	73.29
Market value per share at the end of the year	Rupees	23.30	25.66	41.50
Production volume				
Production capacity	M. Tons	22,100	22,100	22,100
Production achieved	M. Tons	30,855	34,957	35,250
Capacity utilization	Percentage	140	158	160
Employees	Numbers	1,001	1,238	1,239

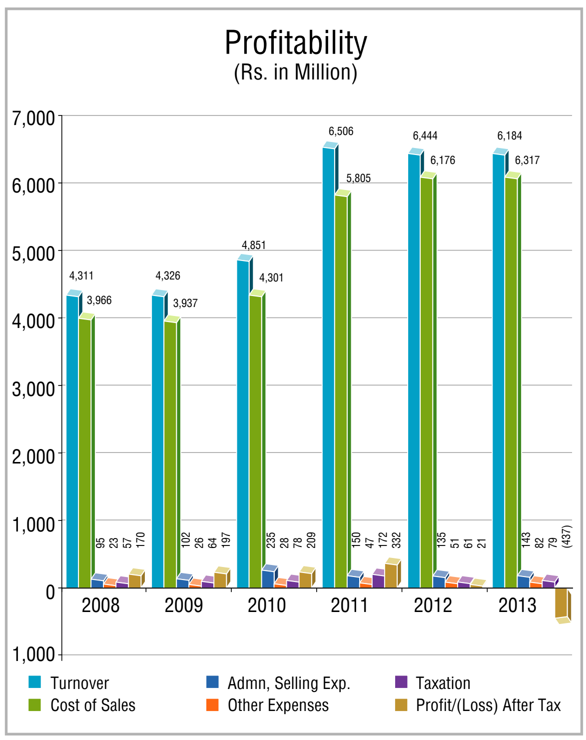
2010	2009	2008	2007	2006
4,774,324	4,237,268	4,224,019	4,115,381	3,525,961
4,301,276	3,937,467	3,965,886	3,910,332	3,353,139
473,048	299,801	258,133	205,049	172,822
288,930	264,307	229,752	167,705	170,219
286,005	261,092	227,539	165,044	169,119
207,802	196,632	171,023	103,038	110,774
107,860	90,972	56,428	19,879	12,660
(22,197)	(4,210)	(52,002)	-	(115)
(7,460)	(22,302)	52,090	42,127	45,800
136,274	136,274	102,206	85,171	85,171
40	40	30	25	25
340,685	340,685	340,685	340,685	340,685
1,735,615	1,735,615	1,495,615	1,495,615	1,495,615
224,514	152,986	298,560	212,708	194,841
2,300,814	2,229,286	2,134,860	2,049,008	2,031,141
34,068,514	34,068,514	34,068,514	34,068,514	34,068,514
261,634	263,293	279,678	219,965	175,725
240,394	230,032	516,869	457,856	197,323
907,586	969,334	986,262	847,485	661,303
300,143	2,845	6,271	96,470	79,365
36,334	140,984	133,427	124,606	114,078
1,558,779	1,609,448	1,805,447	1,658,268	1,549,443
1,318,385	1,379,416	1,288,578	1,200,412	1,352,120
2,802,842	2,722,611	2,931,407	2,726,829	2,404,189
2,802,842	2,722,611	2,931,407	2,726,829	2,404,189
9.91	7.08	6.11	4.98	4.90
4.35	4.64	4.05	2.50	3.14
9.03	8.82	8.01	5.03	5.45
11.28	10.60	9.52	7.39	7.71
6.48	7.00	3.49	3.62	7.85
7	5	5	5	6
4.00	4.00	3.00	2.50	2.50
0 : 100	0 : 100	0 : 100	0 : 100	0 : 100
67.53	65.44	62.66	60.14	59.62
33.00	29.45	42.00	42.50	37.55
22,100	22,100	22,100	22,100	22,100
33,991	34,318	35,072	36,334	31,906
154	155	159	164	144
1,186	1,249	1,288	1,256	1,181

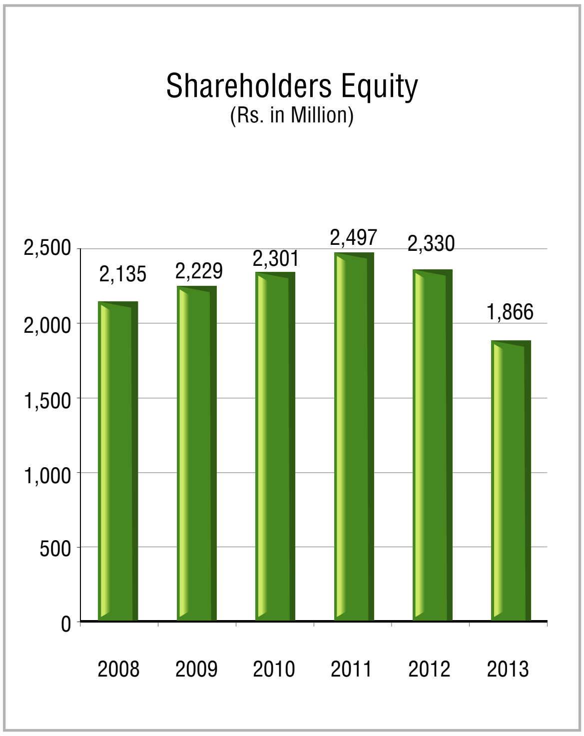
Graphical Presentation

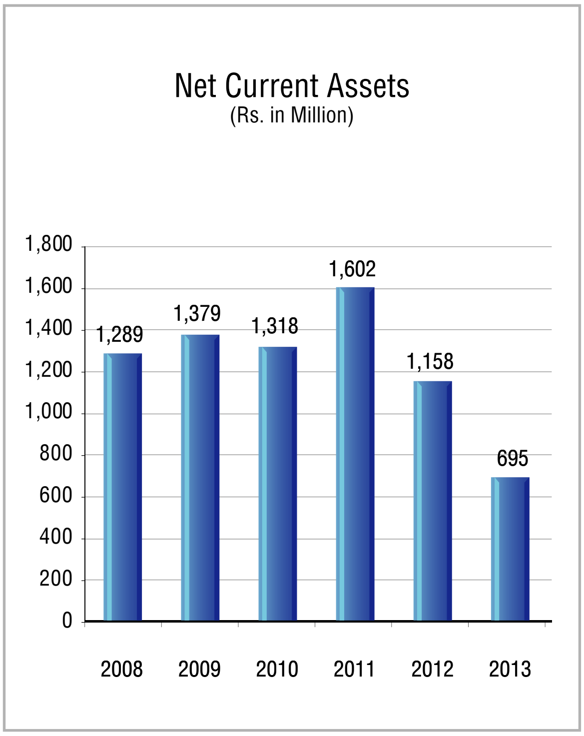


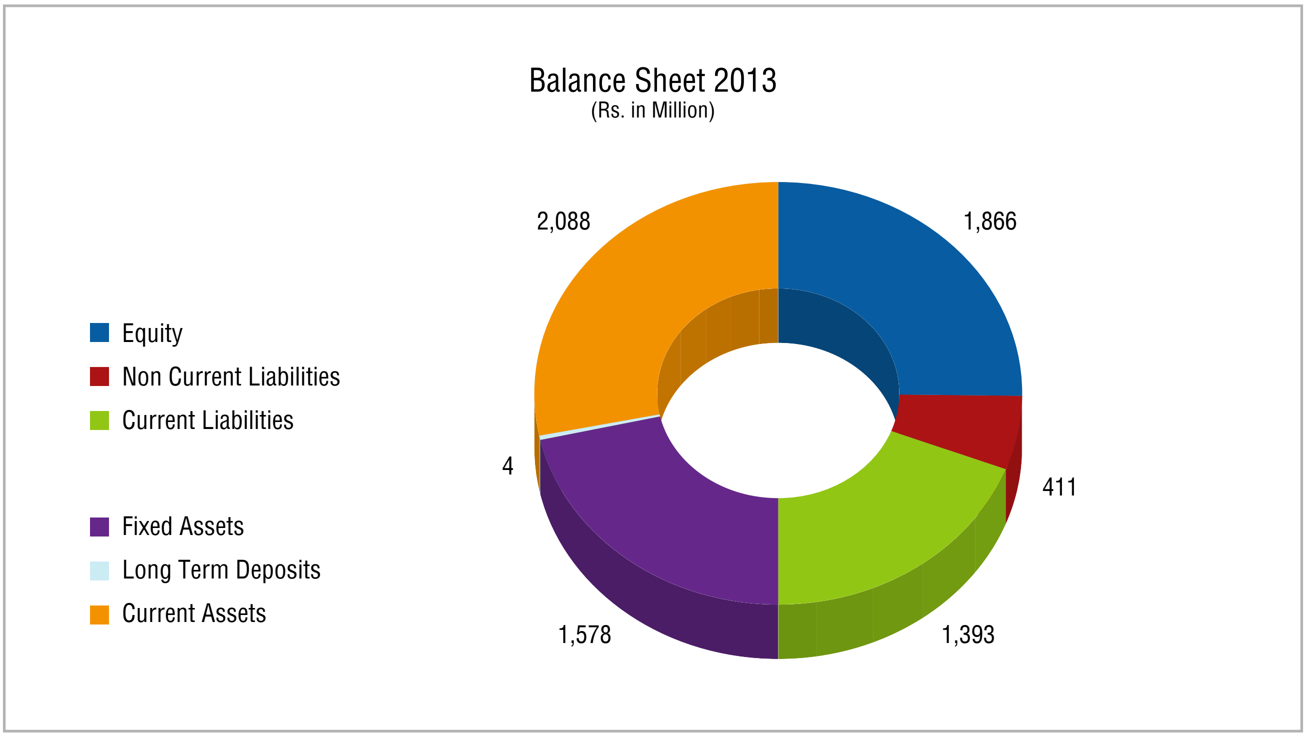







Shareholders Equity
(Rs. in Million)
2,500
2,000
1,500
1,000
500
0
2,135
2,229
2,301
2,497
2,330
1,866
2008
2009
2010
2011
2012
2013


Net Current Assets
(Rs. in Million)
1,800
1,600
1,400
1,200
1,000
800
600
400
200
0
1,289
1,379
1,318
1,602
1,158
695
2008
2009
2010
2011
2012
2013


Balance Sheet 2013
(Rs. in Million)
Equity
Non Current Liabilities
Current Liabilities
Fixed Assets
Long Term Deposits
Current Assets
2,088
1,866
4
411
1,578
1,393

Directors' Report
to the Shareholders

The Board of Directors of your Company are pleased to welcome you to the thirty-third annual general meeting and present the Annual Report together with the Audited Financial Statements of the Company for the year ended 30 June 2013.

Financial Results:

	Rupees in thousand
Net loss before taxation	(357,747)
Provision for taxation	(78,853)
Loss after taxation	(436,600)
	Rupees
Earnings per share – Basic and Diluted	(12.82)

Overview

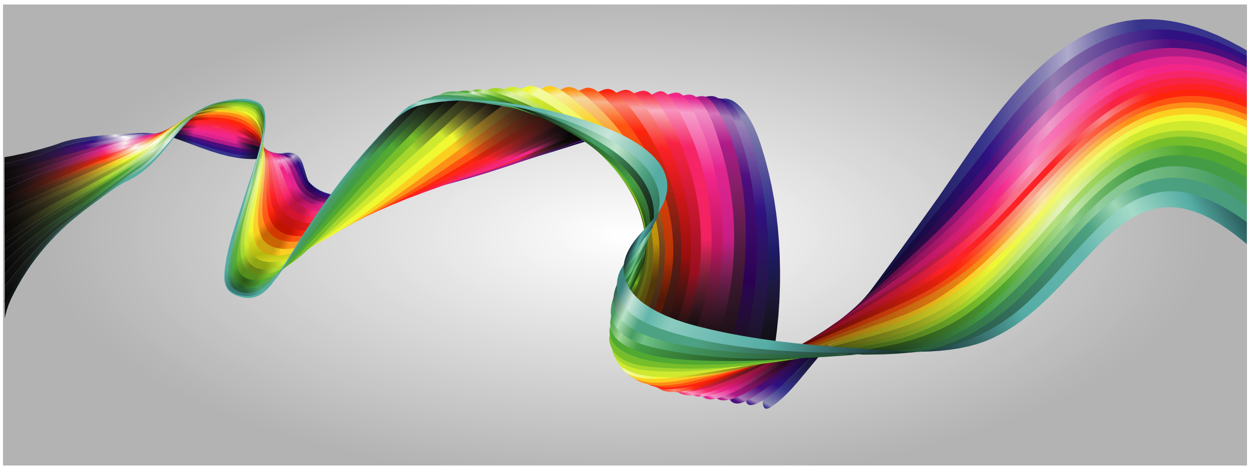
Your Company witnessed a troublesome FY13 in terms of financial performance as the earnings triggered both the top and bottom lines to red because of alarming operating environment which caused severe dent in our gross and net margins. This unfortunate situation was attributable mainly to relatively high manufacturing cost of Polyester Staple Fiber and Polyester Filament Yarn because of cost escalation of raw material and fuel and power which are main constituents of cost of goods sold. The inventory stockpile as a result of slow off-take also largely contributed to losses. The product prices at the same time tumbled hurting the sales revenue considerably. Owing to demand supply imbalance, the Company during the year under review could not fetch matching market prices in relation to manufacturing cost. Fiscal Year 2013 was disappointing for the national economy in general and for the industry in particular. The country was in throes of a serious dilemma in as much as the functional aspects of the economy were not working. Of the tough challenges encountered by the industrial sector the most daunting were the acute energy shortages and precarious security situation in the country. High manufacturing costs, energy shortages and regional security environment dampened the growth prospects of national economy. People became reluctant to make new investments. Lack of serious efforts to address the issues threw this important sector in shambles.

It is commonly known that economy during the year under review remained in dismal shape and a lot of efforts are needed to stabilize the economy and to put it on a sustainable path of recovery. Economy had a reasonable growth trajectory but a severe energy crisis, bleeding public sector enterprises and economic mis-management had hemorrhaged the system. Power shortage alone was widely eroding the GDP. Long hours of power load shedding, ongoing war against terrorism and loss of mental peace and harmony among the masses had all contributed to a decline in economic growth.

Bleak picture of business environment in the country needs special preference to bring respite to the ailing sectors. Electricity shortage is rampant. Already crippled with the gas supply cuts, the woes have further increased by unanticipated increase in gas price and imposition of Gas Infrastructure Development Cess. Adding to the already unbearably high production costs, recent increases in power tariff have made the revival of industry still more difficult. Power tariff for industrial consumers has been exorbitantly increased ranging between 35% in peak rates and 48% in off peak rates.

Gas availability to textile mills has been reduced to three days from five days a week a year back. Electric supply to the textile industry in Punjab was also reduced heavily by the LESCO. Electricity load shedding was increased to 10 hours a day in July 2013 as against 6 hours in July 2012. Similarly, gas supply to the Captive Power Plants of textile industry has been decreased to 2.5 days a week in July 2013 against 5 days a week in same months of the year 2012. This has crippled the entire textile chain. Resultantly the economic growth of the country has been compromised by blocking the industry growth. It is high time to extend priority to the industry on energy supply because of potential growth in textile exports.

The raw material prices during the year 2013 remained erratic. The MEG price which in July 2012 was US$910 per M.Ton showed a soaring trend till March 2013 when it reached US$1,240 per M.Ton. However, since April 2013 the price softened and declined to US$1,080 per M.Ton by end of year under review. Similarly, the price of PTA showed precipitous rise from US$980 per M.Ton in July 2012 to US$1,250 per M.Ton in February 2013. However, in remaining months of the year 2013 the PTA prices started declining and stood at US$1,100 at the year end. The price of Paraxylene, a major raw material used in PTA production did not come down during last six months. This upsurge in raw material prices pushed up the cost of goods sold causing top line to go red. A day-to-day widening gap of our energy needs was met by our own power generation facilities based on furnace oil, bearing extra financial burden. Thus, our cost of fuel and power remained very high at Rs.958 million during the year under review. The recent surge in domestic oil prices will have further negative consequences for the economy. The rise in oil prices could slow down industrial activity and lead to further unemployment and poverty.



The Pak rupee remained vulnerable against the US Dollar and Euro, particularly in last quarter of FY13, disturbing economics of imports both for the State and for the Industry. It's declining trend continued despite the State Bank of Pakistan's announcement that strict measures would be taken to arrest free-fall of the rupee. The depreciation of exchange rate was limited to 5.1 percent in 2012-13 but since January 2013 the rupee has dangerously depreciated. The recent increase in mark-up rate by the SBP will thwart government efforts to rejuvenate the economy and cause hindrance to new investments in industry.

The Polyester Industry is unhappy about uncertainties. The increase in input cost of minimum wage, non-assurance of power supplies and lack of R&D undertaken by end-users has had a negative impact on the industry's competitiveness with imported products available at cheaper rates.

Sales revenue for the year 2013 dipped by 5% to Rs.6,092 million compared to Rs.6,391 million in 2012. The decrease is mainly attributable to volumetric as well as monetary sales of PSF due to sluggishness in downstream demand. On the other hand slight increase in PFY sales quantity could not offset the price decrease of yarn sold. The main reasons for losses are decline in sales, high fuel cost due to severe energy crisis and surged raw material prices. The increased input cost, owing to higher PTA and MEG prices and increased fuel and power costs affected gross margins adversely. Profit before and after taxation thus went negative to Rs.358 million and Rs.436 million respectively against Rs.82 million profit before tax and Rs.21 million profit after tax in 2012. Administrative and general expenses rose to Rs.127 million from Rs.121 million in the previous year due to inflationary pressure.

Future Outlook

The energy and security problems are the threats to the industry which should attract immediate attention of the government. The government should protect the local industry that it is able to make a meaningful contribution to the economic growth. Despite challenges posed by high manufacturing cost, your Company is focused on enhancing sales revenues on the strength of its product quality and regular supply commitments. The Company is pursuing the policies of expansion and innovation by addition of new machines in replacement of outdated ones backed by cost-cuttings and is expected to put the Company back on track of historically proven growth and financial health.

Lifting of anti-dumping duty by the National Tariff Commission on PSF import from China will encourage glut-like situation and the demand for local PSF is likely to substantially decrease as the spinning industry will prefer cheaper PSF. Under the circumstances, the price reduction by local PSF manufacturers will be inevitable for surviving in competitive environment and in the process their profit margins will be seriously threatened.

Amid resurgence in oil prices, the raw material prices are not predictable. Power tariff hike in the Power Policy is a big cost push of doing business in the country. The erosion of Rupee value is growing. The present Government is supportive of low interest rates with the objective of fuelling private sector borrowings as it is an engine of growth. However, several budget components are highly inflationary. The high inflation if continues to be higher than the rest of the world, Pak rupee could depreciate further accentuating inflationary pressures on economy.

Our boilers are based on gas and furnace oil which is very costly. With an objective to reduce fuel cost, we have imported coal fired boilers to replace existing boilers. With this the cost of steam required for Polymer and Polyester Staple Fiber will substantially reduce. Furthermore, we are also planning to replace our captive generators with alternate source of power generation using coal. This proposition is expected to yield substantial savings in our fuel and power cost.

In pursuit of excellence, we are working towards fast transforming this organization into an operationally effective and economically sustainable producing unit. Rupali Management aims to come out of crises by product optimization, price rationalization and reduction in operating costs and also by managing working capital in prudent way to lessen the burden of high financial charges in the future.

Board of Directors

Since election held in 2012, there was no change in composition of the Board of Directors of the Company.

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 2013-14.

Pattern of Shareholding

A statement showing the pattern of shareholding in the Company as at 30 June 2013 appears on Page 61.

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

Plant operations remained normal throughout the year. However, the gas and power shortages disturbed our targeted production and sales plans. The reasons for decline in operating results have been highlighted and explained.

There is no statutory payment on account of taxes, duties, levies and charges outstanding other than those in normal business related transactions.

Company is neither in default nor likely to default any loans, short term borrowings or any sort of debt instruments.

Investment of Provident Fund

The value of investment in Provident Fund Trust Account inclusive of profit accrued thereon is as under:

(Rupees in thousand)

30 June 2013 (Unaudited)	30 June 2012 (Audited)
23,809	31,214

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. Jafferali M. Feerasta	Ex-Chairman	2
2.	Mr. Sultan Ali Rajwany	Chairman	2
3.	Mr. Muhammad Rashid Zahir	Member	4
4.	Mr. Amin A. Feerasta	Member	4

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

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

Attendance by each Member:

1.	Mr. Jafferali M. Feerasta	Chairman	4
2.	Mr. Nooruddin Feerasta	Member	4
3.	Mr. Amin A. Feerasta	Member	4

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. Jafferali M. Feerasta (Non-executive)	5
2.	Mr. Nooruddin Feerasta (Chief Executive Officer)	5
3.	Mr. Muhammad Rashid Zahir (Non-executive)	5
4.	Mr. Muhammad Ali H. Sayani (Non-executive)	5
5.	Mr. Amin A. Feerasta (Non-executive)	5
6.	Mr. Abdul Hayee (Executive)	5
7.	Mr. Sultan Ali Rajwany (Independent & Non-executive)	3
8.	Mr. Syed Ali Zafar (ceased to be director after last election)	1

Corporate Social Responsibility (CSR)

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

Health Safety and Environment

The Company is strongly committed towards all aspects of Safety, Health and Environment connected with our business operations.

The Company fully recognizes safety as the key component of operational excellence and gives vital importance to training of employees and contractors to enhance safety awareness and actively incorporate industry best practices in the 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 2013.

There was no reportable occupational illness to our employees or contracted manpower in 2013.

Labor Management Relations

Like previous years, cordial relations were maintained between the Management and labor during this year and we wish to place on record our appreciation for the dedication and hard work demonstrated by employees at every level for the progress and growth of the Company.

Approval of Financial Statements

The financial statements for the year 2013 were approved and authorized for their issuance by the Board of Directors on 26 September 2013.

Investment in Associated Company

The Board of Directors of the Company have recommended to invest upto Rs.200 million in Associated Company namely Rupafil PowerGen (Pvt) Limited and a Special Resolution purporting to seek consent of shareholders is proposed to be presented in the Annual General Meeting as required under Section 208 of the Companies Ordinance, 1984. Necessary details and information as required under the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012 have been provided in the notice of this meeting.

A Note of Gratitude

The Directors wish to place on record their appreciation for the cooperation extended by the Ministries of Finance, Industries and Production, Commerce, Communication and Textile Industry. We also owe our thanks 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 relationship with them. To our stakeholders we are grateful for their faith in the Company. We greatly value their trust. We also greatly appreciate the continued hard work by the management and staff of the Company.

On behalf of the Board

Jafferali M. Feerasta
Chairman

Lahore:
26 September 2013

Notice of Meeting

Notice is hereby given that the Thirty Third Annual General Meeting of Rupali Polyester Limited ("the Company") will be held at Rupali House, 241-242 Upper Mall Scheme, Anand Road, Lahore on Thursday, 31 October 2013 at 10:00 a.m. to transact the following business:

Ordinary Business:

1) To confirm the minutes of Thirty Second Annual General Meeting of the Company held on 31 October 2012.

2) To receive, consider and adopt Annual Audited Accounts of the Company together with the Directors and Auditors Reports thereon for the year ended 30 June 2013.

3) To appoint Auditors of the Company and to fix their remuneration. The retiring Auditors M/s. Qavi & Co., Chartered Accountants being eligible have offered themselves for reappointment.

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

Special Business:

5) To consider and if deemed fit to pass the following Resolution with or without modification(s) as Special Resolution:

Investment in Associated Company

"RESOLVED THAT pursuant to the requirements of Section 208 of the Companies Ordinance, 1984, Rupali Polyester Limited ("the Company") be and is hereby authorized to invest upto Rs.200 million (Rupees two hundred million only) by way of long term equity investment in the shares of Rupafil PowerGen (Pvt) Limited, an associated company.

FURTHER RESOLVED THAT the above said resolution shall be valid for three years and the Chief Executive Officer of the Company be and is hereby singly empowered and authorized to undertake the decision of said investment of shares as and when deemed appropriate and necessary in the best interest of the Company and its shareholders and to execute any and all documents and agreements as may be required in this respect.

FURTHER RESOLVED THAT subsequent to the above said equity investment, the Chief Executive Officer of the Company be and is hereby authorized and empowered singly to dispose off through any mode a part or all of equity investments made by the Company from time to time as and when deemed appropriate and necessary in the best interest of the Company and the shareholders.

FURTHER RESOLVED THAT the Chief Executive Officer and/or any director and/or the Company Secretary be and are hereby authorized and empowered singly to take and do and/or cause to be taken or done any/all necessary actions, deeds and things which are or may be necessary for giving effect to the aforesaid resolution and to do all acts, matters, deeds and things which are necessary, incidental and/or consequential to the investment of the Company's funds as above as and when required at the time of investment.

ALSO RESOLVED THAT a certified true copy of this resolution duly signed by the Chief Executive Officer or any of the Directors or the Company Secretary be issued to whom this may concern and shall remain enforced until notice in writing to the contrary duly signed by the Chief Executive Officer or any of the Directors or the Company Secretary."

Statement under Section 160(i)(b) of the Companies Ordinance, 1984 pertaining to the Special Business alongwith the Special Resolution proposed to be passed is being sent to the Shareholders with the Notice.

By order of the Board

Lahore
26 September 2013

S. Ghulam Shabbir Gilani
Company Secretary

Notes:

1) Share transfer books of the Company will remain closed from 22 October 2013 to 31 October 2013 (both days inclusive).

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

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 (SECP) issued from time to time, the shareholders are requested to kindly send photocopy of their CNICs to us immediately at our address "Rupali House, 241-242 Upper Mall Scheme, Anand Road, Lahore-54000 or our Share Registrar M/s. THK Associates (Pvt.) Limited, Ground Floor, State Life Building No. 3, Dr. Ziauddin Ahmed Road, Karachi – 75530". The shareholders who have already provided CNIC number to us need not re-submit it unless the CNIC is expired. Corporate shareholders are requested to provide their National Tax Numbers (NTN).

5) 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 Third Annual General Meeting of Rupali Polyester Limited to be held on 31 October 2013.

Item No. 5 of the Notice under Special Business:
Investment in Associated Company

Owing to the energy shortages and power crises in the country and to get power supply through cheaper means and to economise heavily incurred fuel cost on in-house power generation, the Board of Directors of the Company have explored various feasible and economical options of power supply. An associated company namely Rupafil PowerGen

(Pvt) Limited ("RGL") a newly formed company is going to set-up power generation project(s) in two phases. The Company intends to participate in equity of RGL as major shareholder alongwith M/s. Rupafil Limited in the ratio of 50:50 shareholding in share capital of RGL. Thus the main equity holders of RGL shall be Rupali Polyester Limited ("RPL") and Rupafil Limited ("RFL") . After generation of power the same shall be sold at an agreed sale price per kwh to RPL and RFL to meet their power requirement. In case of surplus power available after selling to RPL and RFL the same can also be sold to DISCOs subject to prior permission of NEPRA/other authority, if required.

The associated company Rupafil PowerGen (Pvt) Limited will be setting-up power generation project(s) based on coal fired in phases. The estimated initial project cost will be around Rs.2.0 billion. The negotiations are underway with various Chinese firms for procurement/import of required plant and machinery. The first phase of the project is expected to be completed in one and a half year time, approximately by January 2015.

The directors have carried out their due diligence for the proposed investments and a signed recommendation of due diligence report shall be available for inspection of members in the general meeting.

The associated company is newly formed and its financial statements are not yet available. However, as stated in due diligence report, the directors are satisfied that power generation project will prove to be very cost conservative for the Company as compared to in-house generation using costly furnace oil and power requirement will be fulfilled at cheaper rates and will yield much cost savings.

Further information as required under Section 208 of the Companies Ordinance, 1984 and the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012 is provided as under:

Sr. No.	Description	Information Required
i.	Name of the Associated Company or associated undertaking along with criteria based on which the associated relationship is established;	Rupafil PowerGen (Pvt) Limited, an associated company by virtue of common directorship held by Mr. Nooruddin Feerasta and Mr. Abdul Hayee in both companies.
ii.	Purpose, benefits and period of investment;	To meet with the power requirements through cheaper means. Long term strategy investment. However, it will be for three years and any unutilized portion of sanctioned limit will be renewable in future general meetings, in case of non issuance of shares by the investee company due to any unforeseen circumstances within specific time frame.
iii.	Maximum amount of investment;	Upto Rs.200 million (Rupees two hundred million only)

<table>
<tr><th>Sr. No.</th><th>Description</th><th>Information Required</th></tr>
<tr><td>iv.</td><td>Maximum price at which securities will be acquired;</td><td>At par value of Rs.10/- each. Since financial statements of investee company are not yet available, the fair value of share is not yet admissible.</td></tr>
<tr><td>v.</td><td>Maximum number of securities to be acquired;</td><td>20,000,000 ordinary shares of Rs.10 each.</td></tr>
<tr><td>vi.</td><td>Shareholding before investment.

Shareholding after investment.</td><td>NIL

No. of shares 20,000,000
Shareholding percentage: 50% of share capital of investee company.</td></tr>
<tr><td>vii.</td><td>Fair market value of securities, in terms of regulation 6(1);</td><td>The associated company is a new company and its financial statements are not yet available.</td></tr>
<tr><td>viii.</td><td>Break-up value of securities of investee company and earnings per share;</td><td>Being a new company, the annual audited financial statements are not yet available.</td></tr>
<tr><td>ix.</td><td>Source of fund from which securities will be acquired;</td><td>To be financed through internal generation of funds.</td></tr>
<tr><td>x.</td><td>Salient features of the agreement(s) if any, entered into with its associated company or associated undertakings with regards to the proposed investment;</td><td>No agreement</td></tr>
<tr><td>xi.</td><td>Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company.</td><td>The directors, sponsors, majority shareholders of Rupali Polyester Limited and their relatives have no direct/indirect interest in the associated company except to the extent of shares held by them both in investing and investee companies as under:
<table>
<tr><th rowspan="2">Name of Directors</th><th colspan="2">Shareholding in</th></tr>
<tr><th>Investing Company</th><th>Investee Company *</th></tr>
<tr><td>Mr. Nooruddin Feerasta</td><td>500</td><td>10</td></tr>
<tr><td>Mr. Abdul Hayee</td><td>1,150</td><td>10</td></tr>
</table>
* initial subscription shares.

Furthermore, Mr. Noor Feerasta, Chief Executive Officer of Investee Company is younger brother of Mr. Nooruddin Feerasta, Chief Executive Officer – Rupali Polyester Limited. Mr. Noor Feerasta does not hold any shares in Rupali Polyester Limited.</td></tr>
</table>

Sr. No.	Description	Information Required
xii.	In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information, is provided, namely,-	
	a) Description of the project and its history since conceptualization;	A project is being floated by investee company to generate power on coal to be completed in phases. The negotiations with Chinese suppliers of the required plant and machinery are under way for the first phase.
	b) Starting and expected date of completion of work;	Approximately November 2013 and the first phase to be completed upto January 2015 while second phase is expected to be completed by January 2016.
	c) Time by which such project shall become commercially operational; and	It is expected that project will become commercially operational by June 2015.
	d) Expected time by which the project shall start paying return on investment;	It is expected that project shall start paying return on investment after one year from the date of commercial operation.

Statement of Compliance
with the Code of Corporate Governance

Name of Company - **Rupali Polyester Limited**
Year Ended - **30 June 2013**

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 of listing regulations of Karachi, Lahore and Islamabad Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance. The Company has applied the principles contained in the CCG in the following manner:

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

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

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

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding Companies where applicable).

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member 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. The directors are fully in compliance with the provision with regard to their training programs.

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by the CEO and CFO before approval of the board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the CCG.

15. The board has formed an audit committee. It comprises 3 members, all of whom are non-executive directors and the Chairman of the committee is an independent director.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The board has formed an HR and Remuneration Committee. It comprises 3 members, majority of whom are non-executive directors and the Chairman of the committee is also a non-executive director.

18. The board has set-up an effective internal audit function.

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

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchanges.

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

23. We confirm that all other material principles enshrined in the CCG have been complied with.

For and on behalf of the Board of Directors

Nooruddin Feerasta
Chief Executive Officer

Lahore:

26 September 2013

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance for the year ended 30 June 2013 prepared by the Board of Directors of RUPALI POLYESTER LIMITED ("the Company") to comply with the Listing Regulations of the Karachi, Lahore & Islamabad Stock Exchanges, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance 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 of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company 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's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Sub-Regulation (x) of Listing Regulation No. 35 of the Karachi, Lahore and Islamabad Stock Exchanges requires the Company to place before the board of directors for their consideration and approval 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. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before 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 of Corporate Governance as applicable to the Company for the year ended 30 June 2013.

Qavi & Co.
Chartered Accountants
Engagement partner: Ghulam Abbas

Lahore:
26 September 2013

Auditors' Report to the Members

We have audited the annexed balance sheet of RUPALI POLYESTER LIMITED as at 30 June 2013 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied ;

   ii) the expenditure incurred during the year was for the purpose of the Company's business; and

   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2013 and of the loss, total comprehensive income, its cash flows and changes in the equity for the year then ended; and

d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Lahore:

26 September 2013

Qavi & Co.
Chartered Accountants
Engagement partner: Ghulam Abbas

Balance Sheet
as at 30 June 2013

	Note	2013	(Restated) 2012
		Rupees in thousand	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Share Capital			
35,000,000 (2012: 35,000,000) Ordinary Shares of Rs. 10 each		350,000	350,000
Issued, Subscribed and Paid-up Capital	5	340,685	340,685
Capital Reserve		71,490	71,490
General Reserve		1,664,125	1,664,125
(Accumulated Loss)/Unappropriated Profit		(210,227)	259,657
		1,866,073	2,335,957
NON-CURRENT LIABILITIES			
Staff Retirement Benefits - Gratuity	6	80,175	82,328
Deferred Taxation	7	330,991	282,740
CURRENT LIABILITIES			
Trade and Other Payables	8	446,153	747,799
Short Term Borrowings	9	933,967	639,173
Accrued Mark-up		13,341	13,107
		1,393,461	1,400,079
CONTINGENCIES AND COMMITMENTS	10		
		3,670,700	4,101,104

The annexed notes 1 to 39 form an integral part of these financial statements.

Balance Sheet
as at 30 June 2013

	Note	2013	(Restated) 2012
		Rupees in thousand	
ASSETS			
NON-CURRENT ASSETS			
Property, Plant and Equipment			
Operating Fixed Assets	11	1,540,900	1,311,704
Capital Work-in-Progress	12	37,110	226,909
		1,578,010	1,538,613
Long Term Deposits	13	4,281	4,281
		1,582,291	1,542,894
CURRENT ASSETS			
Stores, Spares and Loose Tools	14	792,495	747,136
Stock-in-Trade	15	862,427	1,354,876
Trade Debts	16	8,162	36,621
Loans and Advances	17	30,410	39,485
Trade Deposits and Short Term Prepayments	18	3,105	2,868
Other Receivables	19	255,328	178,344
Taxation - Net	20	124,325	124,192
Cash and Bank Balances	21	12,157	74,688
		2,088,409	2,558,210
		3,670,700	4,101,104

Jafferali M. Feerasta
Chairman

Nooruddin Feerasta
Chief Executive Officer

Profit and Loss Account
for the year ended 30 June 2013

	Note	2013	(Restated) 2012
		Rupees in thousand	
Sales	22	6,091,802	6,390,922
Cost of Goods Sold	23	(6,317,322)	(6,175,904)
Gross (Loss)/Profit		(225,520)	215,018
Selling and Distribution Expenses	24	(15,706)	(14,781)
Administrative and General Expenses	25	(126,904)	(121,082)
Other Operating Charges	26	(20)	(6,971)
Other Operating Income	27	92,368	53,082
Operating (Loss)/Profit		(275,782)	125,266
Finance Costs	28	(81,965)	(43,516)
(Loss)/Profit before Taxation		(357,747)	81,750
Taxation	29	(78,853)	(60,811)
(Loss)/Profit after Taxation		(436,600)	20,939
		Rupees	Rupee
Earnings per Share - Basic and Diluted	30	(12.82)	0.61

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

The annexed notes 1 to 39 form an integral part of these financial statements.

Jafferali M. Feerasta
Chairman

Nooruddin Feerasta
Chief Executive Officer

Statement of Comprehensive Income
for the year ended 30 June 2013

	2013	(Restated) 2012
	Rupees in thousand	
(Loss)/Profit after Taxation	(436,600)	20,939
Other Comprehensive Income		
Remeasurement gain on defined benefit obligation - (net of tax)	785	-
Total Comprehensive Income	(435,815)	20,939

The annexed notes 1 to 39 form an integral part of these financial statements.

Jafferali M. Feerasta
Chairman

Nooruddin Feerasta
Chief Executive Officer

Cash Flow Statement
for the year ended 30 June 2013

	Note	2013	(Restated) 2012
		Rupees in thousand	
CASH FLOW FROM OPERATING ACTIVITIES			
(Loss) / Profit Before Taxation		(356,962)	87,343
Add / (Less):			
Adjustment for Non Cash Charges and Other Items:			
Depreciation	11.1	140,333	113,854
Amortization of Short Term Prepayments		479	443
Staff Retirement Benefits - Gratuity	6.5	17,032	10,145
Mark-up / Interest Income	27.1	(2,566)	(3,967)
Remission of Liabilities	27	(2,658)	(696)
Loss on Disposal of Operating Fixed Assets	26	20	2,658
Exchange Gain	27	(1)	(1)
Mark-up on Short Term Borrowings	28	78,546	39,073
Finance Costs	28	3,419	4,443
		234,604	165,952
Effect on Cash Flow Due to Working Capital Changes:			
(Increase) / Decrease In Current Assets:			
Stores, Spares and Loose Tools		(45,359)	(350,399)
Stock-in-Trade		492,449	570,690
Trade Debts		28,459	29,309
Loans and Advances		9,075	(8,786)
Trade Deposits and Short Term Prepayments		(716)	(1,450)
Other Receivables		(76,984)	103,771
		406,924	343,135
Increase / (Decrease) in Current Liabilities:			
Trade and Other Payables		(298,988)	(386,577)
		107,936	(43,442)
Cash generated from Operations		(14,422)	209,853
Mark-up on Short Term Borrowings and Bank Charges Paid		(81,731)	(31,097)
Income Tax Paid		(30,735)	(116,565)
Mark-up / Interest Received		2,566	3,967
Staff Retirement Benefits - Gratuity Paid		(19,185)	(7,478)
Net Cash (outflow)/ Inflow from Operating Activities		(143,507)	58,680

Cash Flow Statement
for the year ended 30 June 2013

	Note	2013	(Restated) 2012
		Rupees in thousand	
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed Capital Expenditure		(179,875)	(437,040)
Proceeds from the sale of Operating Fixed Assets		125	1,802
Net Cash Outflow from Investing Activities		(179,750)	(435,238)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend Paid		(34,069)	(187,377)
Net Cash Outflow from Financing Activities		(34,069)	(187,377)
Net Decrease in Cash and Cash Equivalents		(357,326)	(563,935)
Cash and Cash Equivalents at the Beginning of the year		(564,485)	(551)
Effect of Exchange Rate Fluctuations		1	1
Cash and Cash Equivalents at the End of the year	31	(921,810)	(564,485)

The annexed notes 1 to 39 form an integral part of these financial statements.

Jafferali M. Feerasta
Chairman

Nooruddin Feerasta
Chief Executive Officer

Statement of Changes in Equity
for the year ended 30 June 2013

Rupees in thousand

	Issued Subscribed and Paid-up Capital	Capital Reserve Share Premium	Revenue Reserves General Reserve	Revenue Reserves Un-appropriated Profit/(Accumulated Loss)	Total Reserves	Total Equity
Balance as on 01 July 2011	**340,685**	**71,490**	**1,664,125**	**420,502**	**2,156,117**	**2,496,802**
Effect of change in accounting policy with respect to accounting for remeasurement gains on defined benefit plan- net of tax (Note 4.1)				5,593	5,593	5,593
Balance as at 01 July 2011 - (restated)	**340,685**	**71,490**	**1,664,125**	**426,095**	**2,161,710**	**2,502,395**
Net Profit for the year ended 30 June 2012	-	-	-	20,939	20,939	20,939
Other comprehensive income for the year	-	-	-	-	-	-
Final dividend for the year ended 30 June 2011 @ 55 %	-	-	-	(187,377)	(187,377)	(187,377)
Balance as on 30 June 2012 - (restated)	**340,685**	**71,490**	**1,664,125**	**259,657**	**1,995,272**	**2,335,957**
Balance as on 01 July 2012 - (restated)	**340,685**	**71,490**	**1,664,125**	**259,657**	**1,995,272**	**2,335,957**
Net Loss for the year ended 30 June 2013	-	-	-	(436,600)	(436,600)	(436,600)
Other comprehensive income for the year	-	-	-	785	785	785
Final dividend for the year ended 30 June 2012 @ 10 %	-	-	-	(34,069)	(34,069)	(34,069)
Balance as on 30 June 2013	**340,685**	**71,490**	**1,664,125**	**(210,227)**	**1,525,388**	**1,866,073**

The annexed notes 1 to 39 form an integral part of these financial statements.

Jafferali M. Feerasta
Chairman

Nooruddin Feerasta
Chief Executive Officer

Notes to the Financial Statements
for the year ended 30 June 2013

1. LEGAL STATUS AND NATURE OF BUSINESS

RUPALI POLYESTER LIMITED ("the Company") was incorporated in Pakistan on 24 May 1980 under the Companies Act 1913 (now the Companies Ordinance, 1984) as a Public Limited Company and is quoted on the Karachi, Lahore and Islamabad Stock Exchanges. The registered office of the Company is situated at 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 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 Initial application of standards, amendments or an interpretation to existing standards

2.2.1 Standards, amendments to published standards and interpretations that are effective in the current year and are relevant to the Company

	Effective for Periods Beginning on or after
IFRS 7 - Financial Instruments : Disclosures (Amendments)	01 January 2013
IAS 1 - Presentation of Financial Statements (Amendments)	01 January 2013
IAS 16 - Property, Plant and Equipments (Amendments)	01 January 2013
IAS 27 - Separate Financial Statements (Revised)	01 January 2013
IAS 28 - Investment in Associates and Joint Venture (Revised)	01 January 2013
IAS 32 - Financial Instruments : Presentation (Amendments)	01 January 2014
IAS 34 - Interim Financial Reporting (Amendments)	01 January 2013
IAS 36 - Impairment of Assets (Amendments)	01 January 2014
IAS 39 - Financial Instruments : Recognition and Measurements (Amendments)	01 January 2014

2.3 Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan :

	Effective for Periods Beginning on or after
IFRS 1 - First time adoption of International Financial Reporting	01 July 2009
IFRS 9 - Financial Instruments	01 January 2015
IFRS 10 - Consolidated Financial Statements	01 January 2013
IFRS 11 - Joint Arrangements	01 January 2013
IFRS 12 - Disclosure of Interests in Other Entities	01 January 2013
IFRS 13 - Fair Value Measurement	01 January 2013
IFRIC 21 - Levies	01 January 2014

The following interpretations issued by IASB have been waived off by Securities and Exchange Commission of Pakistan effective January 16, 2012:

IFRIC 4 - Determining whether an arrangement contains lease

IFRIC 12 - Service concession arrangements

3. Basis of measurement

3.1 These financial statements have been prepared under the historical cost convention.

3.2 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.

4. Significant accounting policies

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

4.1 Staff Retirement Benefits

4.1.1 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 using the "Projected Unit Credit Method" and the latest actuarial valuation being carried out as at 30 June 2013 (Note 6).

IAS 19 (Revised) - 'Employee Benefits' effective for annual periods beginning on and after 01 January 2013 amends the accounting for employee benefits. The standard requires immediate recognition of past service cost and also replaces the interest cost on the defined benefit obligation and expected return of plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the begining of the year.

Further, a new term 'remeasurements' has been introduced. This is made up of actuarial gains and losses, the difference between actuarial investment returns and return implied by the net interest cost. The standard requires 'remeasurements' to be recognised in the Balance Sheet immediately, with a charge or credit to Other Comprehensive Income in the period in which they occur.

Following the application of IAS-19 (Amendment)- 'Employee Benefits', the Company's policy for staff retirement benefits in respect of 'remeasurement' stands amended as follows:

- The amounts arising as a result of remeasurements are recognised in the Balance Sheet immediately, with a charge or credit to Other Comprehensive Income in the period in which they occur.
- The change in accounting policy has been accounted for retrospectively in accordance with requirements of IAS-8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated as below:

	Effect for the year ended 30-Jun-12	**Effect for the year ended 30-Jun-11**
Balance Sheet		
Increase in actuarial gain	-	5,593
Increase in deferred tax liability	-	3,012
Decrease in retirement benefits - obligations	-	(8,605)
(Decrease)/Increase in unappropriated profits		
- Cumulative effect for prior years	-	5,593

There is no effect of this change in accounting policy for recognition of actuarial gains/(losses) resulting from application of IAS-19 (Revised) - 'Employee Benefits' for the year ended 30 June 2012 as the last actuarial valuation was conducted on 30 June 2011.

4.1.2 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.

4.2 Taxation

4.2.1 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.

4.2.2 Deferred

Deferred tax is provided in full using the balance sheet liability method on all temporary differences arising at the balance sheet 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 balance sheet 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.

4.3 Compensated Absences

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

4.4 Trade and Other Payables

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

4.5 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 balance sheet date and adjusted to reflect current best estimate.

4.6 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, if any, 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.

4.7 Property, Plant and Equipment

4.7.1 Operating Fixed Assets

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

Depreciation on Operating Fixed Assets is calculated on reducing balance method. Full month's depreciation is charged on additions, while no depreciation is charged in the month of disposal or deletion of assets. Rates of depreciation, which are disclosed in Note 11, 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 balance sheet date.

Disposal of assets is recognised when significant risks and reward incidental to the ownership have been transferred to buyers. Gain and 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.

4.7.2 Capital Work-in-Progress

Capital Work-in-progress are stated at cost and consist 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.

4.8 Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet 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 asset's 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.

4.9 Financial instruments

4.9.1 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) Financial assets 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 balance sheet 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 balance sheet date.

d) Held to maturity

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

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

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

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

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

The Company assesses at each balance sheet 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.

4.9.2 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.

4.9.3 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.

4.10 Advances, Deposits and Prepayments

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

4.11 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.

4.12 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.

4.13 Trade Debts and Other Receivables

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

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

4.14 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 cash in hand and cash with banks in current and saving accounts.

4.15 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.

4.16 Proposed Dividend and Transfer between Reserves

Dividend declared and transferred between reserves made subsequent to the balance sheet 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.

4.17 Transactions with Related Parties

All transactions with related parties are entered into at arm's length basis as disclosed in Note 34 (as defined in the Companies Ordinance, 1984).

4.18 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.

5. Issued, Subscribed and Paid-up Capital

2013	2012		2013	2012
Ordinary Shares of Rs. 10 each			Rupees in thousand	
9,690,900	9,690,900	Shares allotted for consideration paid in cash	96,909	96,909
19,933,895	19,933,895	Shares issued against non - repatriable investment	199,339	199,339
4,443,719	4,443,719	Shares allotted as Bonus Shares	44,437	44,437
34,068,514	34,068,514		340,685	340,685

6. Staff Retirement Benefits - Gratuity

6.1 Defined Benefit Plan

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 2013, using the Projected Unit Credit Method.

6.2 Principal Actuarial Assumptions

Following are a few important actuarial assumptions used in the valuation:

	2013	(Restated) 2012
Discount rate (%) per annum	10	14
Expected rate of salary increase in future years (%) per annum	9	13
Average expected remaining working life time of employees (years)	7	11

	Note	2013	(Restated) 2012
		Rupees in thousand	
6.3 Reconciliation of Payable to Defined Benefit Plan			
Present value of defined benefit obligation		80,175	82,328
Unrecognized actuarial gains		-	-
Net Liability recognized in the Balance Sheet		80,175	82,328
6.4 Movement in Liability Recognized in the Balance Sheet			
Present value of defined benefit obligation at the beginning of the year		82,328	71,056
Charge for the year - Profit and Loss	6.5	18,240	18,750
Charge for the year - Other Comprehensive Income		(1,208)	-
Payments made during the year		(19,185)	(7,478)
Present value of defined benefit obligation at the end of the year		80,175	82,328
6.5 Charge for the Year			
Current Service Cost		5,509	8,802
Interest Cost		12,731	9,948
		18,240	18,750

	Note	2013	(Restated) 2012
		Rupees in thousand	
6.6 Charge for the Year has been Allocated as Follows:			
Cost of Sales	23.1	12,531	14,599
Selling and Distribution Expenses	24.1	222	207
Administrative and General Expenses	25.1	5,487	3,944
		18,240	18,750
7. Deferred Taxation			
Deferred Tax Liability on Taxable Temporary Difference:			
Tax Depreciation Allowance		330,991	282,740
8. Trade and Other Payables			
Creditors		364,894	652,322
Due to Associated Companies	8.1	5,382	234
Accrued Liabilities		51,208	67,129
Advances from Customers		2,817	1,813
Retention Money		267	1,798
Payable to Provident Fund		289	360
Income Tax Deducted at Source		846	188
Workers' Profit Participation Fund	8.2	7,538	11,163
Workers' Welfare Fund		11,229	11,229
Unclaimed Dividend		1,115	1,095
Other Payables		568	468
		446,153	747,799

8.1 Due to Associated Companies

These are in the normal course of business and are interest free.

	Note	2013	2012
8.2 Workers' Profit Participation Fund			
Balance at the beginning of the year		11,163	31,649
Allocation for the year	26	-	4,303
		11,163	35,952
Less: Amount paid to the trustees of the fund		3,625	20,963
Deposited with the Government		-	3,826
		3,625	24,789
Balance at the end of the year		7,538	11,163

	Note	2013	2012
		Rupees in thousand	
9. Short Term Borrowings			
Secured - From Banking Companies			
Running Finances under Mark-up arrangements from banks	9.1 & 9.2	500,967	439,173
Term Finances under Mark-up arrangements from banks	9.1	433,000	200,000
		933,967	639,173

9.1 The aggregate finance facilities available from various commercial banks is Rs. 1,900.000 million (2012: Rs. 1,900.000 million). These carry mark-up at the rates ranging from 9.25% to 12.45% (2012: 11.18% to 14.15%) per annum and are secured against hypothecation charge on current assets of Rs. 2,314.821 million (2012: Rs. 2,314.821 million) and promissory notes valuing Rs.2,319.280 million (2012: Rs. 2,325.020 million) respectively.

9.2 The facility for opening letters of credit from various commercial banks as at June 30, 2013 aggregates to Rs. 3,022.000 million (2012: Rs. 3,019.200 million) of which the amount remained unutilised at the year-end was Rs 2,657.018 million (2012: Rs. 2,307.580 million).

10. Contingencies and Commitments

10.1 Contingencies:

10.1.1 Guarantees issued to different organizations in the normal course of business amounted to Rs. 66.314 million (2012: Rs. 66.314 million).

10.1.2 Outstanding guarantees given on behalf of Related Parties amounted to Rs. Nil (2012: Rs. Nil).

10.2 Commitments:

10.2.1 Contracts for Capital expenditure commitments outstanding as at 30 June 2013 amounted to Rs. 210.821 million (2012: Rs. 431.374 million).

10.2.2 Commitments against irrevocable letters of credit as at 30 June 2013 amounted to Rs. 364.982 million (2012: Rs. 711.620 million).

11. Operating Fixed Assets

Rupees in thousand

	Freehold Land	Building: Factory on freehold land	Building: Office on freehold land	Building: Office on leasehold land	Roads	Plant and machinery	Furniture & fittings	Vehicles	Office equipment	Other assets	Total
Net carrying value basis											
Year ended 30 June 2013											
Opening net book value (NBV)	27,784	74,165	17,330	178,911	1,731	963,588	14,304	4,883	25,784	3,224	1,311,704
Additions (at cost)	-	253	-	-	-	366,908	521	136	1,856	-	369,674
Disposals / write offs (at NBV)	-	-	-	-	-	(1)	-	(97)	(42)	(5)	(145)
Depreciation Charge	-	(7,432)	(867)	(8,946)	(87)	(117,626)	(1,460)	(960)	(2,633)	(322)	(140,333)
Closing net book value (NBV)	27,784	66,986	16,463	169,965	1,644	1,212,869	13,365	3,962	24,965	2,897	1,540,900
Gross carrying value basis											
As at 30 June 2013											
Cost	27,784	218,080	25,188	220,392	4,838	2,943,352	30,036	15,948	72,341	6,711	3,564,670
Accumulated depreciation	-	(151,094)	(8,725)	(50,427)	(3,194)	(1,730,483)	(16,671)	(11,986)	(47,376)	(3,814)	(2,023,770)
Net book value (NBV)	27,784	66,986	16,463	169,965	1,644	1,212,869	13,365	3,962	24,965	2,897	1,540,900
Depreciation rate % per annum	-	10	5	5	5	10	10	20	10	10	
Net carrying value basis											
Year ended 30 June 2012											
Opening net book value (NBV)	27,784	78,219	18,242	187,549	1,822	825,678	15,747	6,467	28,124	3,257	1,192,889
Additions (at cost)	-	4,028	-	745	-	229,848	147	1,443	520	398	237,129
Disposals / write offs (at NBV)	-	-	-	-	-	(2,569)	(6)	(1,790)	(15)	(80)	(4,460)
Depreciation Charge	-	(8,082)	(912)	(9,383)	(91)	(89,369)	(1,584)	(1,237)	(2,845)	(351)	(113,854)
Closing net book value (NBV)	27,784	74,165	17,330	178,911	1,731	963,588	14,304	4,883	25,784	3,224	1,311,704
Gross carrying value basis											
As at 30 June 2012											
Cost	27,784	217,827	25,188	220,392	4,838	2,576,448	29,515	16,082	70,766	6,723	3,195,563
Accumulated depreciation	-	(143,662)	(7,858)	(41,481)	(3,107)	(1,612,860)	(15,211)	(11,199)	(44,982)	(3,499)	(1,883,859)
Net book value (NBV)	27,784	74,165	17,330	178,911	1,731	963,588	14,304	4,883	25,784	3,224	1,311,704
Depreciation rate % per annum	-	10	5	5	5	10	10	20	10	10	

11.1 The depreciation charge for the year has been allocated as follows:

	Note	2013	2012
		Rupees in thousand	
Cost of Goods Sold	23	125,467	97,891
Selling and Distribution Expenses	24	743	798
Administrative and General Expenses	25	14,123	15,165
		140,333	113,854

11.2 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
Plant and Machinery							
Digital Techno meter	4	3	1	-	(1)	Salvage	
	4	3	1	-	(1)		
Vehicles							
Motorcycles	270	173	97	125	28	Company Policy	Employees
	270	173	97	125	28		
Office Equipment							
Air Conditioner	277	235	42	-	(42)	Salvage	
Telephone Set	4	4	-	-	-	Salvage	
	281	239	42	-	(42)		
Other Assets							
Wooden Pallets	12	7	5	-	(5)	Salvage	
	12	7	5	-	(5)		
2013	**567**	**422**	**145**	**125**	**(20)**		
2012	60,677	56,217	4,460	1,802	(2,658)		

	2013	2012
	Rupees in thousand	
12. Capital Work-in-Progress		
Building and Civil Works	-	1,583
Plant and Machinery	1,877	85,558
Office Equipment	647	176
Furniture and Fixture	70	73
Other Assets	43	16
Capital Stores	-	-
	2,637	87,406
Advances		
Pland and Machinery	33,434	139,503
Civil works	1,039	-
	37,110	226,909
13. Long Term Deposits		
Security Deposits	4,281	4,281
14. Stores, Spares and Loose Tools		
Stores		
- In Hand	131,814	123,906
- In Transit	4,222	-
	136,036	123,906
Spares		
- In Hand	633,803	605,862
- In Transit	16,648	11,952
	650,451	617,814
Loose Tools		
- In Hand	6,008	5,416
	792,495	747,136

	Note	2013	2012
		Rupees in thousand	
15. Stock-in-Trade			
Raw and Packing Materials			
- In Hand		412,567	358,964
- In Transit		-	45,236
		412,567	404,200
Work-in-Process		51,584	106,639
Finished Goods	15.1	398,276	844,037
		862,427	1,354,876

15.1 Finished Goods of Rs. 237.700 million (2012: Rs. 532.588 million) are being carried at net realizable value and an amount of Rs. 21.641 million (2012: Rs. 73.168 million) has been charged to Cost of Goods Sold.

	Note	2013	2012
16. Trade Debts			
Considered Good - Unsecured		8,162	36,621
17. Loans and Advances			
Considered good			
Loans due from:			
- Executives	17.1	147	517
- Non-Executives		1,047	1,130
		1,194	1,647
Advances due from:			
- Staff against Expenses		358	329
- Suppliers and Contractors		28,858	37,509
		29,216	37,838
		30,410	39,485

17.1 Loans have been granted under Staff loan policy, as temporary financial assistance, to staff. These are secured against the gratuity payable to employees and are recoverable in 36 equal monthly installments. These loans carry mark-up at the rate of 17.00% per annum (2012: 17.00%). The maximum aggregate amount of loans and advances due from executives at the end of any month during the year was Rs. 0.443 million (2012: Rs. 2.745 million). None of these loans are outstanding for more than 3 years.

	Note	2013	2012
		Rupees in thousand	
18. Trade Deposits and Short Term Prepayments			
Deposits - considered good			
Margin on Bank Guarantees		265	265
Prepayments - considered good			
Prepaid Rent		2,228	2,124
Prepaid Insurance		288	322
Other Prepayments		324	157
		3,105	2,868
19. Other Receivables			
Considered good			
Due from Associated Companies	19.1	-	735
Due from other Related Parties	19.2	42,348	58,375
Insurance Claim Receivable		386	417
Sales Tax Refundable		193,320	109,963
Others		1,741	2,530
		237,795	172,020
Considered doubtful			
Sales Tax Refundable		28,513	33,261
Less: Provision for Doubtful Receivable	19.3	26,821	31,569
		1,692	1,692
Others		15,841	4,632
		255,328	178,344

19.1 Maximum amount due from Associated Companies at the end of any month during the year was Rs. 2.554 million (2012: Rs. 3.210 million). The amounts due from Associated Companies are in the normal course of business and are interest free.

19.2 Maximum amount due from Other Related Parties at the end of any month during the year was Rs. 58.477 million (2012: Rs. 58.545 million).

These are in the normal course of business and are interest free.

19.3 This includes provision for doubtful receivable amounting to Rs. 24.204 million (2012: Rs. 28.952 million), which has been created towards payments made under protest to Sales Tax Department to avail amnesty offered vide SRO 575 (I) / 1998 dated 12.06.1998 and SRO 679 (I) / 1999 dated 12.06.1999.

	Note	2013 Rupees in thousand	2012
20. Taxation - Net			
Advance Tax		154,784	188,101
Provision for Taxation	29	(30,459)	(63,909)
		124,325	124,192

The income tax assessment of the Company has been finalized upto tax year 2012 (accounting year ended 30 June 2012) and adequate provisions have been made in these financial statements for the year ended 30 June 2013 (Tax Year 2013).

	Note	2013	2012
21. Cash and Bank Balances			
Balance With Banks in:			
- Current Accounts		3,704	10,123
- PLS Accounts			
- Local Currency	21.1	8,408	64,498
- Foreign Currency	21.2	11	10
		12,123	74,631
Cash in Hand:			
- Local Currency		30	53
- Foreign Currency		4	4
		34	57
		12,157	74,688

21.1 The balances in PLS accounts carry mark-up rate ranging between 5.00 % to 10.50 % (2012: 5.00% to 11.00%) for local currency and Nil (2012: Nil) for foreign currency.

21.2 Cash at banks in PLS accounts include US $ 111.12 (2012: US $ 111.12).

	Note	2013	2012
22. Sales			
Gross Sales:			
- Local		6,152,547	6,414,278
- Export		-	-
		6,152,547	6,414,278
Less:			
- Commission / Discount		23,791	22,884
- Sales Tax		36,954	472
		60,745	23,356
		6,091,802	6,390,922

	Note	2013	(Restated) 2012
		Rupees in thousand	
23. Cost of Goods Sold			
Raw and Packing Materials Consumed		4,407,474	4,299,341
Stores and Spares Consumed		86,416	94,220
Salaries, Wages and Amenities	23.1	202,848	192,469
Fuel and Power		957,615	985,190
Repair and Maintenance		4,546	45,580
Running and Maintenance of Vehicles		14,979	13,091
Insurance		14,006	13,553
Depreciation	11.1	125,467	97,891
Rent, Rates and Taxes		528	581
Other Expenses		2,627	2,642
		5,816,506	5,744,558
Add: Opening Work-in-Process		106,639	60,369
Less: Closing Work-in-Process		51,584	106,639
		5,871,561	5,698,288
Add: Opening Finished Goods		844,037	1,321,653
Less: Closing Finished Goods		398,276	844,037
		6,317,322	6,175,904

23.1 Salaries, Wages and Amenities include Rs.12.531 million (2012: Rs. 14.599 million) in respect of staff retirement benefits and Rs. 0.664 million (2012: Rs. 0.325 million) in respect of provident fund contribution.

	Note	2013	2012
24. Selling and Distribution Expenses			
Salaries, Wages and Amenities	24.1	3,816	3,618
Rent, Rates and Taxes		139	131
Electricity, Gas and Water Charges		287	247
Postage, Telephone and Fax		105	100
Printing and Stationery		209	197
Books and Subscription		42	33
Running and Maintenance of Vehicles		85	69
Repair and Maintenance		190	65
Travelling Expenses		100	70
Entertainment		44	34
Insurance		102	110
Depreciation	11.1	743	798
Freight and Forwarding		9,844	9,309
		15,706	14,781

24.1 Salaries, Wages and Amenities include Rs. 0.222 million (2012: Rs. 0.207 million) in respect of staff retirement benefits and Rs. 0.041 million (2012: Rs. 0.039 million) in respect of provident fund contribution.

	Note	2013	(Restated) 2012
		Rupees in thousand	
25. Administrative And General Expenses			
Salaries, Wages and Amenities	25.1	72,507	68,738
Directors' Remuneration		4,722	4,271
Rent, Rates and Taxes		2,635	2,479
Electricity, Gas and Water Charges		5,449	4,703
Postage, Telephone and Fax		1,997	1,911
Printing and Stationery		3,968	3,750
Books and Subscription		792	627
Running and Maintenance of Vehicles		1,615	1,308
Repair and Maintenance		3,619	1,238
Legal and Professional Charges		9,384	11,672
Travelling Expenses		1,901	1,326
Entertainment		831	637
Auditors' Remuneration	25.2	800	665
Insurance		1,937	2,083
Advertisement		324	241
Depreciation	11.1	14,123	15,165
Miscellaneous Expenses		300	268
		126,904	121,082

25.1 Salaries, Wages and Amenities include Rs. 5.487 million (2012: Rs. 3.944 million) in respect of staff retirement benefits and Rs. 0.783 million (2012: Rs. 0.747 million) in respect of provident fund contribution.

		2013	2012
25.2 Auditors' Remuneration			
Audit Fee		500	325
Certification and Review		60	84
Taxation Services		240	241
Other Professional Services		-	15
		800	665

	Note	2013	2012
26. Other Operating Charges			
Workers' Profit Participation Fund	8.2	-	4,303
Workers' Welfare Fund		-	-
Donations	26.1	-	10
Loss on Disposal of Operating Fixed Assets	11.2	20	2,658
		20	6,971

26.1 Recipients of donations do not include any donee in whom a director or his spouse had any interest.

	Note	2013	2012
		Rupees in thousand	
27. Other Operating Income			
Income from financial assets			
Mark-up / Interest Income	27.1	2,566	3,967
Exchange Gain		1	1
		2,567	3,968
Income from non-financial assets			
Scrap, Waste and Other Sales - Net	27.2	38,262	44,677
MEG Handling Income		3,853	3,741
Remission of Liabilities		2,658	696
Other Misc. Income		45,028	-
		89,801	49,114
		92,368	53,082
27.1 Mark-up / Interest Income			
Interest Income on:			
- Bank Accounts		2,079	3,195
Mark-up on:			
- Staff Loans		216	276
- Credit Sales		271	496
		2,566	3,967
27.2 Scrap, Waste and Other Sales - Net			
Gross Sales		40,938	47,685
Less: Sales Tax		2,676	3,008
		38,262	44,677
28. Finance Costs			
Mark-up on Short Term Borrowings		78,546	39,073
Bank Commission and Other Charges		3,419	4,443
		81,965	43,516
29. Taxation			
Current			
- for the year		30,459	63,909
- prior years		565	(33,233)
		31,024	30,676
Deferred		47,829	30,135
		78,853	60,811

29.1 Numerical reconciliation between the applicable tax rate and average effective tax rate is as follows:

	2013 %	2012 %
Applicable Tax Rate	35.00	35.00
Effect of Change in Prior Years Tax	(0.16)	(40.65)
Effect of Change in Deferred Tax	(13.37)	36.86
Tax effect of Expenses that are not deductible in determining Taxable Profit	(43.51)	43.18
	(57.04)	39.39
Average Effective Tax Rate	(22.04)	74.39

30. Earnings Per Share

30.1 Earnings Per Share - Basic

	Note	2013	2012
		Rupees in thousand	
Net (loss)/profit for the year after taxation attributable to Ordinary Shareholders		(436,600)	20,939
		Number of Shares	
Weighted average Ordinary Shares in Issue during the year	5	34,068,514	34,068,514
		Amount in Rupees	
Basic Earnings Per Share		(12.82)	0.61

30.2 Earnings Per Share - Diluted

There is no dilution effect on Basic Earnings Per Share as the Company has no such commitments.

31. Cash and Cash Equivalents

	Note	2013	2012
		Rupees in thousand	
Cash and Bank Balances	21	12,157	74,688
Short Term Borrowings	9	(933,967)	(639,173)
		(921,810)	(564,485)

32. Financial risk management

32.1 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 minimize 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 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 rupees against the following currencies at 30 June 2013 would have increased the equity and profit or loss by the amount shown below. The analysis assumes that all other variables, in particular interest rates, remain constant.

	Rupees in thousand	
	Equity	Profit or (Loss)
US Dollar	1,464	2,253
Japanese Yen	(41)	(63)
Euro	(36)	(56)

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

(ii) 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.

(iii) 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 balance sheet date, the interest rate profile of the Company's interest bearing financial instruments was:

	2013	(Restated) 2012
	Rupees in thousand	
Fixed rate instruments		
Financial assets		
Loan against installments	1,194	1,647
Financial liabilities	-	-
Net exposure	1,194	1,647
Floating rate instruments		
Financial assets		
Bank balances - savings accounts	8,419	64,508
Financial liabilities		
Short term borrowings	(933,967)	(639,173)
Net exposure	(925,548)	(574,665)

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 balance sheet 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 profit for the year would have been Rs 0.969 million (2012: Rs. 0.564 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate instruments.

(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:

	2013	(Restated) 2012
	Rupees in thousand	
Trade debts	8,162	36,621
Advances, deposits and other receivables	290,284	222,375
Bank balances	12,157	74,688
	310,603	333,684

There is no impairment loss of trade receivables as of 30 June 2013.

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 reorganization, and default or delinquency in payments are considered indicators that the trade debt is impaired. The provision is recognized 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 income statement.

(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	2013	2012
	Short term	Long term	Agency	Rupees in thousand	
EFU General Life Insurance Limited	AA		JCR-VIS	288	322
Citibank N.A.	P -2	A3	Moody's	437	810
Habib Bank Limited	A-1+	AA+	JCR-VIS	1,884	915
National Bank of Pakistan	A-1+	AAA	JCR-VIS	336	163
NIB Bank Limited	A1+	AA-	PACRA	-	272
Faysal Bank Limited	A1+	AA	PACRA	143	119
Bank Al-Habib Limited	A1+	AA+	PACRA	904	-
MCB Bank Limited	A1+	AA+	PACRA	1	1
Soneri Bank Limited	A1+	AA-	PACRA	8,420	72,351
Bank Al-Falah Limited	A1+	AA	PACRA	-	-
				12,413	74,953

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 (Note 31) 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 balance sheet 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 2013

	Carrying amount	Less than one year	One to five years	More then five years
	Rupees in thousand			
Short term borrowings	933,967	933,967	-	-
Trade and other payables	446,153	446,153	-	-
	1,380,120	1,380,120	-	-
At 30 June 2012				
Short term borrowings	639,173	639,173	-	-
Trade and other payables	747,799	747,799	-	-
	1,386,972	1,386,972	-	-

32.2 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet 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.

32.3 Financial instruments by categories

	(Restated)	
	Loans and receivables	
	2013	2012
	Rupees in thousand	
Assets as per balance sheet		
Trade debts	8,162	36,621
Advances, deposits and other receivables	290,284	222,375
Cash and bank balances	12,157	74,688
	310,603	333,684

	Financial liabilities at amortized cost	
	2013	2012
	Rupees in thousand	
Liabilities as per balance sheet		
Short term borrowings	933,967	639,173
Trade and other payables	446,153	747,799
	1,380,120	1,386,972

32.4 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.

32.5 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. The Company is currently financing its operations through equity and working capital and since it does not have any long term debt in its capital structure, there is no gearing risk in current year.

33. 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 Officer		Directors		Executives		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
Managerial Remuneration	-	-	3,073	2,787	20,802	16,763	23,875	19,550
House Rent	-	-	922	836	6,240	5,033	7,162	5,869
Utilities	-	-	307	279	2,080	1,676	2,387	1,955
Medical Expenses	-	-	307	279	2,080	1,676	2,387	1,955
Retirement Benefits	-	-	-	-	383	358	383	358
Bonus etc.	-	-	28	90	768	1,056	796	1,146
	-	-	4,637	4,271	32,353	26,562	36,990	30,833
Number of Persons	1	1	1	1	23	20	25	22

33.1 Chief Executive Officer of the Company is provided with free use of Company maintained car.

34. Transactions with Related Parties

The related parties comprise 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 33. Other significant transactions with the related parties are as follows:

34.1 Details of transactions with Related Parties

Name	Nature of Relationship	Nature of Transactions	2013	2012
			Rupees in thousand	
Rupafil Limited	Associated Undertaking	Sales of goods and services	66,037	30,795
		Purchase of goods and services	1,296,961	858,937
Rupali Nylon (Pvt.) Limited	Associated Undertaking	Purchase of goods and services	4,661	4,254
Soneri Bank Limited	Associated Undertaking	Profit on Bank Deposits	2,079	3,195
Spintex Limited	Other Related Parties	Purchase of goods and services	963	4,656
Provident Fund Trust Society	Defined Contribution Plan	Contribution to Provident Fund	1,489	1,111

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.

34.2 Amount due from/(outstanding to) Related Parties

	2013	2012
Rupafil Limited		
Sales of goods and services	-	735
Purchase of goods and services	(5,345)	-
Rupali Nylon (Pvt.) Limited		
Purchase of goods and services	(37)	(234)
Spintex Limited		
Sale of goods and services	42,348	58,375

35. Plant Capacity and Actual Production

	2013	2012
	In Metric Tons	
Annual Capacity (in Three Shifts)		
- Yarn	10,100	10,100
- Fiber	12,000	12,000
Actual Production		
- Yarn	9,982	10,472
- Fiber	20,873	24,485

36. Staff Strength

	2013	2012
	Number of Employees	
Number of Employees as at 30 June	1,001	1,238

37. Date of Authorization for Issue

These financial statements were authorized for issue on 26 September 2013 by the Board of Directors of the Company.

38. Corresponding Figures

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

	Rupees in thousand
38.1 Auditor's Remuneration has been reclassified from "Other Operating Charges" to "Administrative and General Expenses".	665

39. General

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

Jafferali M. Feerasta
Chairman

Nooruddin Feerasta
Chief Executive Officer

Pattern of Shareholding
as at 30 June 2013

Number of Shareholders	Shareholding From		To	Total Shares held
180	1	-	100	6,619
118	101	-	500	37,784
93	501	-	1,000	63,541
87	1,001	-	5,000	202,597
21	5,001	-	10,000	154,175
4	10,001	-	15,000	50,201
1	15,001	-	20,000	20,000
4	20,001	-	25,000	89,068
1	25,001	-	30,000	26,000
2	30,001	-	35,000	68,500
1	75,001	-	80,000	80,000
1	85,001	-	90,000	89,500
2	110,001	-	115,000	230,000
1	125,001	-	130,000	130,000
1	145,001	-	150,000	146,482
1	150,001	-	155,000	153,045
1	205,001	-	210,000	209,490
1	225,001	-	230,000	230,000
1	285,001	-	290,000	286,000
1	350,001	-	355,000	352,811
2	430,001	-	435,000	863,323
1	470,001	-	475,000	472,022
1	480,001	-	485,000	483,918
1	485,001	-	490,000	488,010
1	815,001	-	820,000	816,483
1	1,085,001	-	1,090,000	1,085,316
1	1,315,001	-	1,320,000	1,319,582
1	1,600,001	-	1,605,000	1,602,223
1	2,240,001	-	2,245,000	2,240,641
1	4,485,001	-	4,490,000	4,486,760
1	8,515,001	-	8,520,000	8,519,800
1	9,060,001	-	9,065,000	9,064,623
535		**Total**		**34,068,514**

Pattern of Shareholding
as at 30 June 2013

Categories of Shareholders	Number	Shares Held	Percentage
Individuals	505	3,339,225	9.80
Joint Stock Companies	4	490	0.00
Investment Companies	0	0	0.00
Directors, Chief Executive Officer and their Spouses and minor Children	10	3,401,321	9.98
Mr. Jafferali M. Feerasta		2,404,898	7.06
Mr. Nooruddin Feerasta		500	0.00
Mr. Muhammad Rashid Zahir		500	0.00
Mr. Muhammad Ali H. Sayani		488,010	1.43
Mr. Sultan Ali Rajwany		21,345	0.06
Mr. Amin A. Feerasta		500	0.00
Mr. Abdul Hayee		1,150	0.00
Mrs. Roshan Ara Sayani w/o Mr. Muhammad Ali H. Sayani		483,918	1.42
Mrs. Amyna N. Feerasta w/o Mr. Nooruddin Feerasta		500	0.00
Total:		**3,401,321**	**9.98**
Executives			
National Bank of Pakistan, Trustee Deptt.	5	2,571,228	7.55
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	4	409,736	1.20
Foreign Investors	1	8,519,800	25.01
Co-operative Societies	0		0.00
Trusts	5	15,826,514	46.45
Others			
Total:	**535**	**34,068,514**	**100.00**

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

Name of Shareholders	Shares Held	Percentage
Trustees Alauddin Feerasta Trust	9,098,623	26.71
Deutsche Bank Investments (Guernsey) Limited	8,519,800	25.01
Trustees Feerasta Senior Trust	4,487,250	13.17
National Bank of Pakistan - Trustee Department NI(U)T Fund	2,571,228	7.55
Trustees ALNU Trust	2,240,641	6.58
Total:	**26,917,542**	**79.01**

Proxy Form
33rd 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 / our behalf at the 33rd Annual General Meeting of the Company to be held on 31 October 2013 or at any adjournment thereof.

Revenue Stamp

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

Dated this ______ day of October 2013

Signature of Shareholder ______________

Signature of Proxy ______________

1. WITNESS

Signature: ______________

Name: ______________

Address: ______________

CNIC No: ______________

or Passport No: ______________

2. WITNESS

Signature: ______________

Name: ______________

Address: ______________

CNIC No: ______________

or Passport No: ______________

IMPORTANT:

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

AFFIX
CORRECT
POSTAGE

The Company Secretary

Rupali Polyester Limited

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

Rupali Polyester Limited

Rupali House, 241-242 Upper Mall Scheme
Anand Road, Lahore – 54000, PAKISTAN
Ph. No. (92-42)35713101-04, Fax No. (92-42)35710163

Dear Shareholder, 26 September 2013

Notice to Shareholders for provision of copy of CNIC/NTN
Shareholders were requested during the month of October 2012 to provide photocopies of their valid Computerized National Identity Card (CNIC). The Securities & Exchange Commission of Pakistan (SECP) vide its notification dated 18 August 2012, SRO 779(I)/2012, mandates that the dividend warrants should bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate members.

The SECP in the said SRO has also directed the companies that the dividend warrants issued by the companies should also bear the CNIC Number of the registered member or the authorized person, except in the case of minor(s) and corporate members.

The SECP in another letter No.SMD/CIW/Misc./14/2009 dated 11 October 2012, has also directed the listed companies to deliver the unclaimed/undelivered shares, if any lying with them, to respective members/shareholders.

The Company from time to time also in the past had requested all the esteemed shareholders to provide their CNIC Number as well as their latest mailing address to comply with the requirement of the SECP. The Company received response from very few shareholders.

To comply with the directives of SECP, you are once again requested to fill your CNIC Number and address in the lower portion of this page marked for the purpose and return the same to the Company by post or by sending email at info@rupaligroup.com at an early date to enable us to fulfill the law requirement.

The corporate entities are also requested to provide us their National Tax Number (NTN).

Your cooperation in this regard will be greatly appreciated.

Thank you,

Yours faithfully,
For Rupali Polyester Limited

S. Ghulam Shabbir Gilani
Company Secretary

cc: The Director Enforcement, SECP Islamabad
The Secretary, Karachi Stock Exchange Limited
The Secretary, Lahore Stock Exchange Limited
The Secretary, Islamabad Stock Exchange Limited

-:-

To be filled by Shareholder

Folio Number: ______________________________

Name: ______________________________

CNIC No: ______________________________
(copy attached)

Latest Mailing Address: ______________________________

____

Being circulated alongwith Annual Report 2013

Rupali Polyester Limited

Rupali House, 241-242 Upper Mall Scheme
Anand Road, Lahore – 54000, PAKISTAN
Ph. No. (92-42)35713101-04, Fax No. (92-42)35710163

Date: ____________________

Folio/CDC ID & A/C #____________________

____

SUBJECT : DIVIDEND MANDATE FORM

Dear Shareholder,

It is to inform you that under Section 250 of the Companies Ordinance, 1984 a shareholder may, if so desires, direct the Company to pay dividend through his/her/its bank account (if it declares dividend).

In pursuance of the directions given by the Securities and Exchange Commission of Pakistan vide **Circular Number 18 of 2013 dated 5 June 2013**, we request you being the registered shareholder of **Rupali Polyester Limited** and hereby give the opportunity to authorize the Company to directly credit in your bank account cash dividend. If any, declared by the Company in future.

(PLEASE NOTE THAT THIS DIVIDEND MANDATE IS OPTIONAL AND NOT COMPULSORY, IN CASE A SHAREHOLDER DOES NOT WISH DIVIDEND TO BE DIRECTLY CREDITED INTO HIS BANK ACCOUNT THEN THE SAME CAN BE PAID THROUGH THE DIVIDEND WARRANTS).

Do you wish the cash dividend if declared by the Company in future, is directly credited in your bank account, instead of issue of dividend warrants, please tick "✓" any of the following boxes:

YES	**NO**

If yes, then please provide the following information:

Detail of Bank Mandate	
Title of Bank Account	
Bank Account Number	
Bank's Name	
Branch Name and Address	
Cell number of Shareholder / Transferee	
Landline number of Shareholder / Transferee, if any	

It is stated that the above mentioned information is correct and I will intimate the changes in the above mentioned information to the Company and the concerned Share Registrar as soon as these occur.

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Signature of the member / shareholder

Note: If you are maintaining shareholdings under Central Depository System (CDS), you are advised to please submit your Bank mandate information directly to the relevant Participant / CDC investor Account Service.

Rupali

Rupali Polyester Limited

www.rupaligroup.com

Designed & Produced at:
NISARARTPRESS
(PVT) LIMITED Ph: 5751385-7