

▶ ANNUAL REPORT 2017



RUPALI POLYESTER LIMITED



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Corporate Data

Board of Directors

Chairman / Chief Executive Officer

Nooruddin Feerasta

Directors

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

Audit Committee

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

Human Resource & Remuneration Committee

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

Chief Financial Officer

Ayub Saqib

Company Secretary

S. Ghulam Shabbir Gilani

Bankers

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

Auditors

Qavi & Co.
Chartered Accountants

Registered Office

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

Plant

30.2 Kilometer Lahore - Sheikhpura Road
Sheikhpura - 39350 PAKISTAN



Our Vision

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





Our Mission

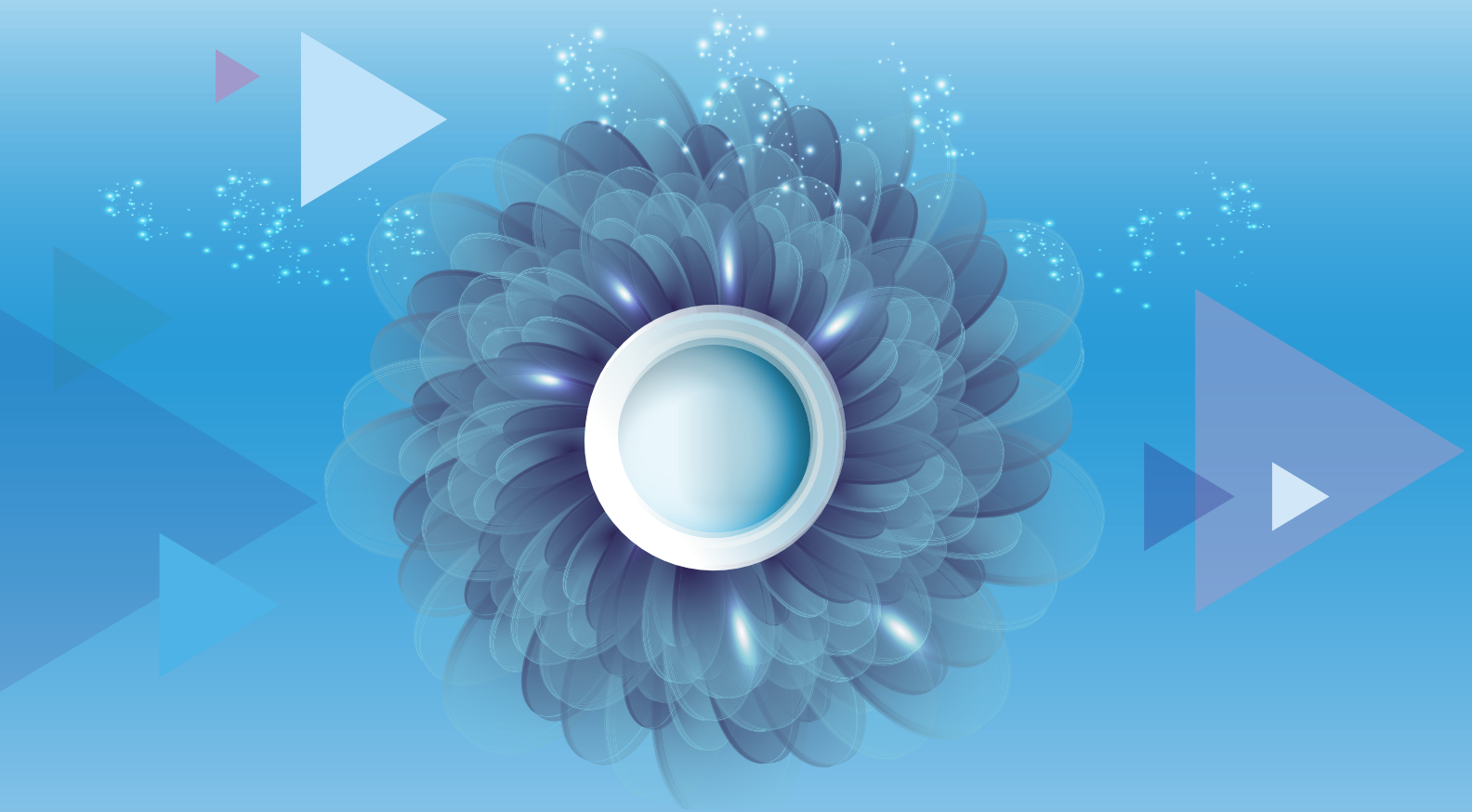
To develop the Company on sound technical and financial footings with better productivity, excellence in quality and operational efficiencies at lower operating costs by utilizing blend of high professionalism.

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

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

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





Our Core Values

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



Company Profile

RUPALI POLYESTER LIMITED was incorporated at Karachi in May 1980 as a Public Limited Company and is listed on Pakistan Stock Exchange Limited (formerly Karachi, Lahore and Islamabad Stock Exchanges). It owns and operates composite facilities to manufacture Polyester Staple Fiber and Polyester Filament Yarn. It produces quality products by using latest technology and best quality of raw materials. The Company has the privilege of being one of the pioneers in Pakistan for manufacture of Staple Fiber of highest quality. Since its inception, the Company has been growing steadily through expansion and diversified operations. The assets of the Company have increased to Rs. 5,729 million from the initial capital outlay of Rs.150 million.

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

raw materials only and through value addition is producing the highest quality products locally.

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

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

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

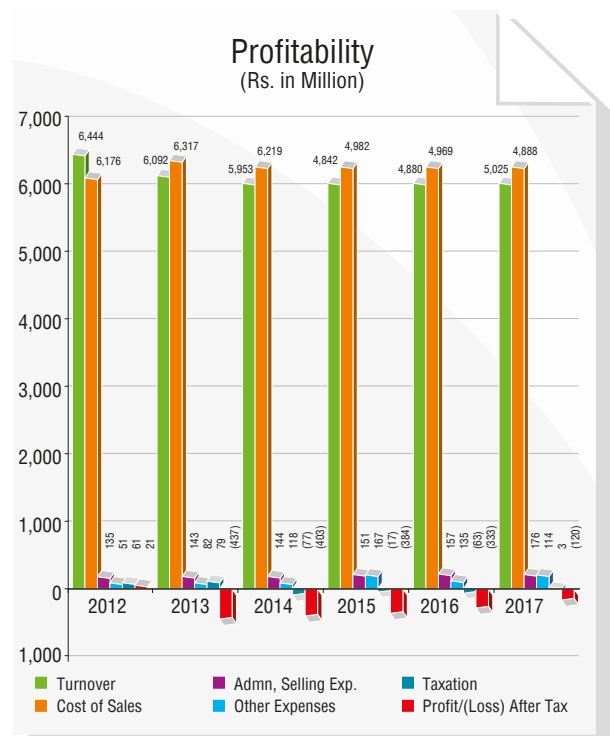
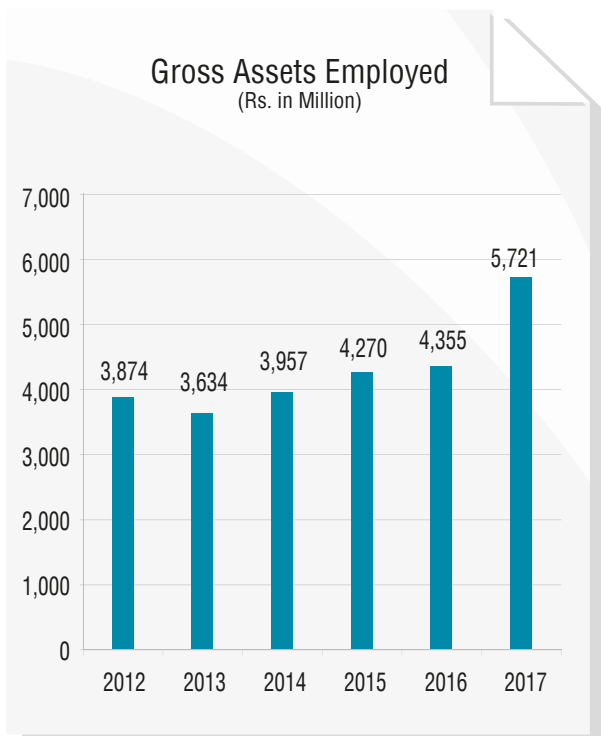
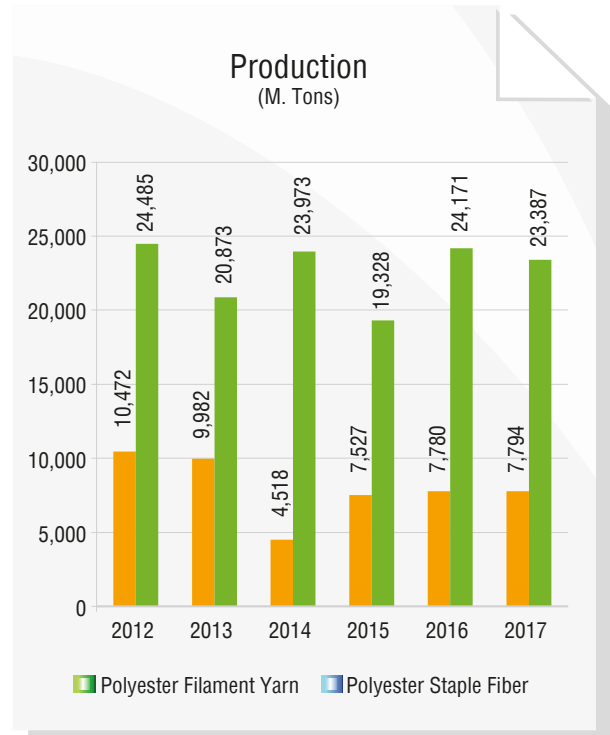
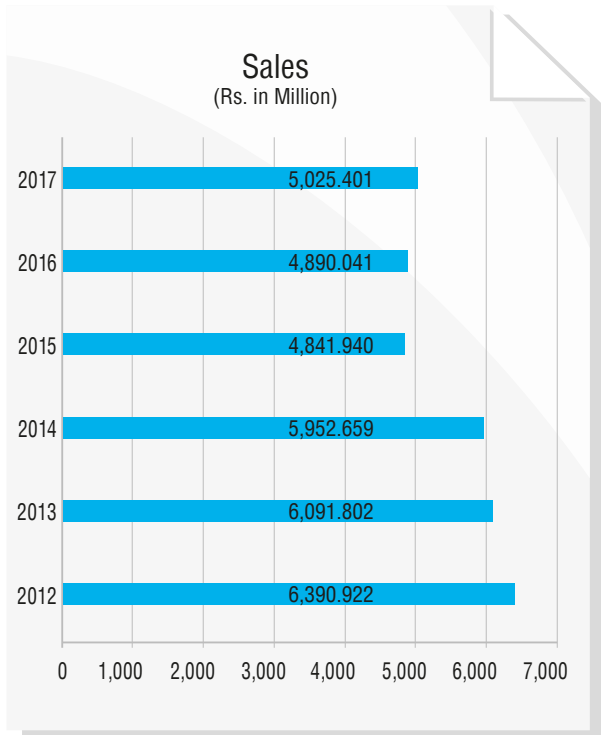
Financial Highlights

	UOM	2017	2016	2015	2014
Profit and Loss Account					
Sales - Net	Rs. in thousand	5,025,401	4,890,041	4,841,940	5,952,659
Cost of goods sold	Rs. in thousand	4,887,698	4,969,175	4,982,459	6,219,222
Gross Profit	Rs. in thousand	137,703	(79,134)	(140,519)	(266,563)
Operating profit	Rs. in thousand	(9,384)	(135,807)	(233,801)	(361,421)
Profit before tax	Rs. in thousand	(123,064)	(270,919)	(401,098)	(479,858)
Profit after tax	Rs. in thousand	(120,083)	(333,478)	(384,447)	(403,284)
Income tax - current	Rs. in thousand	43,937	48,900	-	-
- prior years	Rs. in thousand	(35,369)	-	-	(30,459)
- deferred	Rs. in thousand	(11,549)	13,659	(16,651)	(46,115)
Dividend					
Cash dividend	Rs. in thousand	-	-	-	-
Cash dividend rate	Percentage	-	-	-	-
Balance Sheet					
Share capital	Rs. in thousand	340,685	340,685	340,685	340,685
Reserves	Rs. in thousand	1,735,615	1,735,615	1,735,615	1,735,615
Shareholders equity	Rs. in thousand	2,337,074	1,032,799	1,366,277	1,462,789
No. of ordinary shares	Numbers	34,068,514	34,068,514	34,068,514	34,068,514
Non-Current liabilities	Rs. in thousand	592,176	649,133	658,917	516,553
Current liabilities	Rs. in thousand	2,799,721	2,704,858	2,263,206	2,075,711
Property, Plant and Equipment	Rs. in thousand	2,971,353	1,637,969	1,729,858	1,630,402
Capital work-in-progress	Rs. in thousand	7,972	32,286	17,945	98,324
Long term investments/loans/deposits	Rs. in thousand	4,396	4,361	4,361	4,361
Current assets	Rs. in thousand	2,353,222	2,344,460	2,229,181	2,420,290
Net current assets	Rs. in thousand	(446,499)	(360,398)	(34,025)	344,579
Total liabilities	Rs. in thousand	5,728,971	4,386,790	4,288,400	4,055,053
Total Assets	Rs. in thousand	5,728,971	4,386,790	4,288,400	4,055,053
Ratio Analysis					
Gross profit	Percentage	2.74	(1.62)	(2.90)	(4.47)
Net profit	Percentage	(2.39)	(6.82)	(7.94)	(6.77)
Inventory turnover	Times	8	8	6	7
Cash dividend per share	Rupees	-	-	-	-
Debt : equity ratio		7 : 93	19 : 81	17 : 83	9 : 91
Break-up value per share	Rupees	68.60	30.32	40.03	42.94
Market value per share at the end of the year	Rupees	19.25	8.98	12.00	17.10
Production volume					
Production capacity	M. Tons	22,100	22,100	22,100	22,100
Production achieved	M. Tons	31,181	31,951	26,859	28,491
Capacity utilization	Percentage	141	145	121	129
Employees	Numbers	1,230	1,198	1,251	968

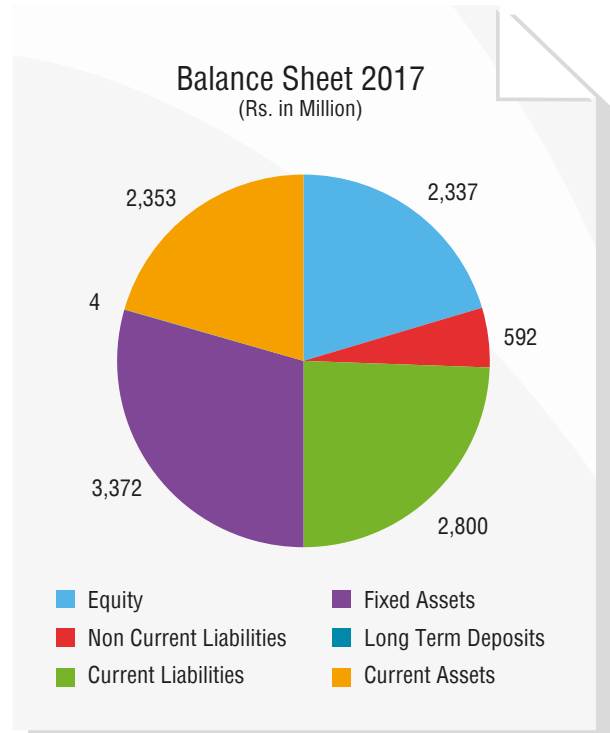
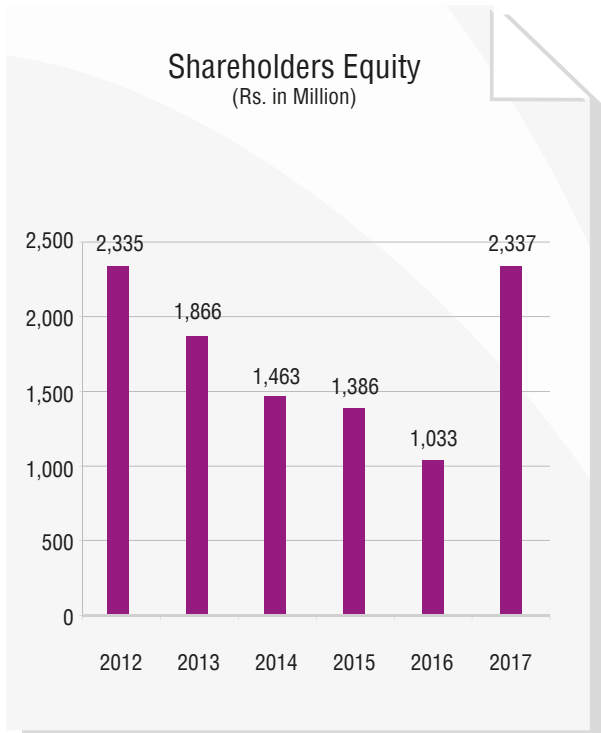
2013	2012	2011	2010
6,091,802	6,390,922	6,455,848	4,774,324
6,317,322	6,175,904	5,804,892	4,301,276
(225,520)	215,018	650,956	473,048
(275,782)	125,266	515,795	288,930
(357,747)	81,750	503,881	286,005
(436,600)	20,939	332,262	207,802
30,459	63,909	116,219	107,860
565	(33,233)	(3,230)	(22,197)
47,829	30,135	58,630	(7,460)
-	34,068	187,377	136,274
-	10	55	40
340,685	340,685	340,685	340,685
1,735,615	1,735,615	1,735,615	1,735,615
1,866,073	2,335,957	2,496,802	2,300,814
34,068,514	34,068,514	34,068,514	34,068,514
411,166	365,068	329,253	261,634
1,393,461	1,400,079	1,146,577	241,656
1,578,010	1,311,704	1,192,889	907,586
37,110	226,909	26,998	300,143
4,281	4,281	4,281	36,334
2,088,409	2,558,210	2,748,464	1,558,779
694,948	1,158,131	1,601,887	1,318,385
3,670,700	4,101,104	3,972,632	2,804,104
3,670,700	4,101,104	3,972,632	2,804,104
(3.70)	3.36	10.08	9.91
(7.17)	0.33	5.15	4.35
6	4	4	7
-	1.00	5.50	4.00
0 : 100	0 : 100	0 : 100	0 : 100
54.77	68.40	73.29	67.53
23.30	25.66	41.50	33.00
22,100	22,100	22,100	22,100
30,855	34,957	35,250	33,991
140	158	160	154
1,001	1,238	1,239	1,186



Graphical Presentation



Graphical Presentation



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Chairman's Review

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

It is a matter of great satisfaction that the Company has considerably improved its financial performance during the fiscal year 2017, as described in detail in the Directors' Report. The success of the Company in this transition pose primarily to the thorough guidance of the Board as follows:

1. The Company has a well thought of vision, mission and values. The Board revisited the vision and mission statement.
2. The Board set annual targets for the Management in all key performance areas.
3. The Board provided directions and oversight to the Company's business activities.
4. It put in place transparent and robust system of governance.
5. It reviewed, discussed and approved Business Strategy, plan, budget and financial statements and other reports. It received clear agendas and supporting written material in sufficient time prior to board and committee meetings. The board met frequently enough during the year.
6. The Board members offered the diversity and right mix of independent and non-executive directors.

Nooruddin Feerasta
Chairman

Lahore: 21 September 2017

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Directors' Report to the Shareholders

On behalf of the Board of Directors of the Company, we are pleased to welcome you to the thirty-seventh annual general meeting and present the Annual Report and the audited financial statements of the Company for the year ended 30 June 2017 together with the Auditors' report.

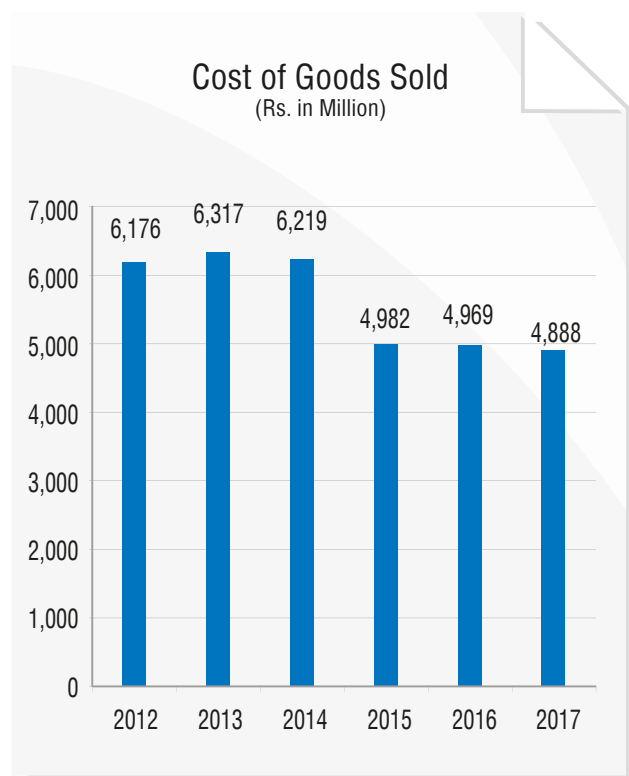
Financial Results:

	Rupees in thousand
Loss before taxation	(123,064)
Taxation	2,981
Loss after taxation	(120,083)
	Rupees
Earnings (loss) per share – basic and diluted	(3.52)

Overview

The Company has achieved significant growth during the year 2017. The Board of Directors through deep stock of risk associated with our business have adopted a number of administrative measures with the result that the Company has managed to achieve gross profit. Immense changes as well as manufacturing upgrades with an investment in a new POY line leveraged for increase in production and sales and reducing the production cost.

Our product Polyester Filament Yarn (PFY) is deeply affected by dumping from China and other countries which is injurious for the domestic PFY manufacturers.



As the presence of Chinese and Malaysian PFY in Pakistan had diminished the progressive returns in the domestic yarn market, in a bid to safeguard the local industry, your Company along with another leading manufacturer, had filed an application with the National Tariff Commission (NTC) to impose an anti-dumping duty on imported PFY. Consequently, in February 2017, NTC in a preliminary investigation had acknowledged the presence of Chinese and Malaysian companies causing harm by dumping in the market. This is an established fact duly acknowledged by the NTC and in its preliminary determination in the dumping of Polyester Filament Yarn, the NTC concluded that domestic industry suffered material injury on account of increase in volume of dumped imports, price undercutting, decline in production, decline in sales, decline in market share, negative effect on productivity and wages, negative effect on capacity utilization, decline in profits and negative effect on return on investment. The NTC highlighted its findings as under:

- Volume of dumped imports were above the required de minimus levels.
- Dumping margins were also established as above the de minimus levels.
- Domestic industry suffered material injury on account of increase in volume of dumped imports and price undercutting and resultant decline in sales, market share, negative return etc.

- There was causal relationship between dumped imports and injury of domestic industry.

The investigation revealed that the following happened simultaneously during the investigation:

- Volume of dumped imports of the investigated product increased significantly and in absolute terms.
- Domestic industry experienced price undercutting due to dumped imports of the investigated product.
- Market share of dumped imports of the investigated product increased significantly whereas market share of the domestic like product declined simultaneously.
- Sales of the domestic like product decreased due to increased share of dumped imports in domestic market.
- Production of the domestic like product decreased due to increased share of the dumped imports in domestic market.
- The capacity utilization of the domestic industry decreased due to dumped imports.
- Domestic industry faced negative effect on profitability.

- Domestic industry faced negative effect on productivity and salaries and wages per MT.
- Domestic industry faced negative effect on return on investment.

Despite the above findings the NTC did not impose any provisional dumping duties to prevent injury being caused to the ailing domestic industry despite having imposed provisional dumping duties where dumping margin and injury existed in all previous cases since 2012.

Since the local PFY industry was needing immediate support and relief, we approached the Federal Board of Revenue (FBR) explaining the dilapidated condition of domestic industry and injury being caused as determined by the NTC, and requested FBR for immediate imposition of Regulatory Duty on imports of Polyester Filament Yarn under HS Code Nos. 5402.3300, 5402.4600, 5402.4700, 5402.5200, 5402.6200. Considering our patient hearing and based on facts and figures, FBR imposed 5% Regulatory Duty in the National Budget 2017 effective from 1 July 2017. By this, the domestic industry got some relief that will be reflected in financial results for the coming periods.

Recently, based on its preliminary investigation and thereafter conducting a thorough investigation of the Chinese and Malaysian exporters and onsite investigation of local producers, NTC concluded its investigation with imposing a minimum 3.25% and maximum 11.35% duty on Chinese manufacturers and



6.36% duty on Malaysian manufacturers. After the imposition of Anti-dumping Duty, we have increased our production to 100% capacity utilization.

The sales solely depend upon local market conditions and demands. Our downstream consumers watch market behavior in respect of imported yarn versus our yarn. They keep on adjusting yield mixes of imported versus local to get maximum gross margin, even compromising the quality of their end products. No doubt our products are always of superior quality and are highly preferred by them.

Sensing the negative fallouts of dwindling sale of Pakistani products abroad on the country's economy and its financial health, the government in January 2017 announced Rs.180 billion incentive package to exporters to boost the country's exports by around three billion dollars by end June 2018.

Under the package, sales tax, customs duty on import of textile machinery and cotton have been abolished. However, this measure provided somewhat invisible dynamism for increasing the country's exports.

The prices of our raw material, PTA and MEG remained volatile during the year. The price of PTA in February 2016 was US\$595.00 per M. Ton which then rose to US\$715.00 in same month of 2017 and MEG price in February 2016 was US\$570.00 per M. Ton which went up to US\$980.00 in February 2017.

The operating capacity of our existing PFY units was underutilized due to an increase in imports at dumped prices, which has resulted in heavy losses. With the imposition of an Anti-dumping Duty, the gap of prices between local products and imported products based on dumped prices will decrease and will hopefully facilitate the domestic industry's growth. Yarn Merchant Associations have been lobbying against the imposition of Anti-dumping Duty and moving the Honourable legal forums of the country on incorrect, false, unreliable and malicious information and data of local supplies disregarding the fact that investment of billions of rupees in local PFY industry shall become redundant and huge work force shall become unemployed if local PFY industry is not given protection.

The availability of RLNG into the country's gas supply network has been a prominent contributing factor for energy leading to operations and cost reduction in



winter season. With the levy of Anti-dumping Duty on Chinese PSF imports, margins for local PSF manufacturers have improved and the demand is being met with improved rates. However, the volatility amongst raw material prices of PTA and MEG have had a negative impact on the manufacturing cost of goods sold.

Huge funds are stuck up with the Government on account of sales tax refunds. While the Government has partially released our sales tax refunds recently which will improve our cash flow. However, the Gas Infrastructure Development Cess (GIDC) is still looming and the matter is pending before Sui Northern Gas Pipelines Limited (SNGPL) as per the directions of the Honourable Lahore High Court.

Sales volume of PSF and PFY in the year 2017 remained comparable with sales of last year. Whereas our indigenous marketing campaign contributed to boost sales, our downstream consumers showed reluctance to absorb more feedstock because of slow market response under stiff competition with imported cloth and fabrics.

Sale revenues for the year ended 30 June 2017 increased to Rs.5,025 million from Rs.4,890 million for the year 2016. Gross loss of Rs.79.134 million for

FY 2016 turned into gross profit of Rs.137.703 million. The positive gross margin witnesses the consequential effect of our cost cutting measures in plant operations which have reduced our manufacturing cost. Operating loss decreased to Rs.9.384 million from Rs.135.807 million in the FY 2016. Finance cost also declined to Rs.113.680 million from Rs.135.112 million mainly because of reduction in mark up rates on working capital loan and prudent utilization of borrowed funds. Loss before tax for the year decreased to Rs.123.064 million from Rs.270.919 million and loss after tax to Rs.120.083 million from Rs.333.478 million.

Future Outlook

One of many initiatives taken by the Company to decrease cost and expand its production output is by putting up an additional POY line and replacement of old DTY machines with new and advanced technology. Not only the POY produced through this will increase our production capacity of Polyester Filament Yarn (PFY), but will also allow us to produce a wide array of products demanded in the market for PFY. This machine will be cost effective because of latest technology involved which will improve our margins. The project is expected to be operational in the first quarter of 2018. With POY's expansion taken by your Company, the local industry will be able to meet 70% of the country PFY requirements.

The PSF and PFY industry is constantly facing the challenges of oversupplies putting constant pressure on margins. This situation is forecasted to persist and it is the Government which has to provide a level playing field for the domestic industry by taking regulatory measures to curb the impact of current oversupply and save the domestic industry from further deterioration.

The CPEC projects are underway with financial and technical collaboration of China opening vistas for infrastructure and industrial development in the country. The Government should also ensure that interest of domestic industry is not jeopardized or leveraged in any form.

Risk Management

The Board of Directors being responsible for the overseeing of risk management process ensures that decision-making is aligned with the Company's strategies and risk appetite. The Board receives regular updates on the key risks of the Company both in operational and financial areas. Risk management

process includes periodic review of all risks areas by the Chief Executive Officer and the senior management who are responsible for the day to day risk management functions under the oversight of the Board.

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

Board of Directors

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

Auditors

The present auditors, M/s. Qavi & Co., Chartered Accountants retire and being eligible offer themselves for re-appointment.

The Board has received recommendations from its Audit Committee for re-appointment of M/s. Qavi & Co., Chartered Accountants as Auditors of the Company for the year 2017-18.

Pattern of Shareholding

A statement showing the pattern of shareholding in the Company as at 30 June 2017 appears on Page 70.

Other Disclosures

Company's performance has been sufficiently elaborated in earlier parts of this Report of the Directors, however, the specific disclosure of some mandatory constituents are explained hereunder in terms of the provisions of Section 227 of the Companies Act, 2017:

- During the financial year ended 30 June 2017, following were the directors of the Company:
 1. Mr. Nooruddin Feerasta
 2. Mr. Muhammad Rashid Zahir
 3. Mr. Muhammad Ali Sayani
 4. Mr. Sultan Ali Rajwany
 5. Mr. Shehzad Feerasta
 6. Mr. Zeeshan Feerasta
 7. Mr. Abdul Hayee
- The principal activities of the Company remained consistent to manufacture and sale of synthetic

products. Company made several developments during the year under review including POY expansion and refurbishment of manufacturing lines with the aim of cost-cutting and using advanced technology. The operational performance remained par-excellent managed with professional competence. Strategic review was undertaken through monitoring of marketing trend for monthly production plans was focused to ensure uninterrupted supply to meet the downstream demands.

- There has been no change in nature of the Company's business.
- The external auditors have issued unqualified audit report for the year 2016-17.
- Rupali Polyester Limited is not a foreign company and has no holding or subsidiary company.
- Pattern of shareholding as on 30 June 2017 is annexed.
- The earning per share at the year end was (Rs.3.52).
- The multiple factors of loss incurred during the year 2016-17 have been elaborated in this Report. Several measures were taken during the year by the Company Management under guidance of the Board of Directors to serve as economic tools to make the unit profitable in near future and we are moving forward gradually towards that direction as is evident from the improved trend of preceding years. The top and bottom line results during the year under review have shown much improvement.
- The Company's historical debts payments record is excellent and its Management never allowed a situation to arise which may cause default in debts payment.
- The Company's internal controls are strong. The Company has implemented sound systems and controls in all spheres of operational and commercial activities with check & balances for regular monitoring. The purchase procedures and SOPs are also sound and the checks and controls are ensured at every stage. This system is functioning smoothly and successfully with no element of delay in meeting requirements as per the delivery schedules. The SOPs of various

activities are regularly reviewed and bottlenecks removed for improvements where required for smooth system functioning.

- There has occurred no material changes and commitments materially affecting the financial position of the Company between the end of the financial year of the Company i.e. 30 June 2017 and the date of the report. However, positive impact on financial results in coming periods by virtue of Anti-dumping Duty on imported products is envisaged.
- Company's business which suffered setback in previous three-four years is now improving towards revival and growth. The overall unfavorable market conditions include dumping of low-cost PSF, PFY and cloth from the regional countries. Raw material prices are on the higher side which may affect the Company's margins in future periods. Large funds are stuck up with the Government on account of refund claims which if not released in total that may disturb our cash flow and in order to meet our working capital requirements, more bank borrowings may have to be raised.
- The Company's business operations have no adverse impact on environment. The outlets of waste water, emissions, gases etc. are kept under the environmental protection parameters and procedures and controls.
- The Company fulfills its Corporate Social Responsibilities by way of donations to various deserving educational institutions and hospitals.

Related party transactions

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

- Rupafil Limited
- Spintex Limited
- Soneri Bank Limited
- Rupali Nylon (Pvt.) Limited
- Rupali Polyester Limited Employees Provident Fund Trust

The shareholders in its meeting held on 31 October 2016 had given approval for transactions to be consummated with related parties during the year

2016-17. The Board of Directors have duly approved/ratified the transactions made in FY 2017 with above related parties.

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. We are happy to report that your Company by the Grace of ALLAH, meets the standard set in the guidelines for good corporate governance and is in compliance with the relevant regulations and following specific statements are being given hereunder:

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

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

Investment of Provident Fund

The value of investment in Provident Fund Trust Account inclusive of profit accrued:

(Rupees in thousand)	
30 June 2017	30 June 2016
(Unaudited)	(Audited)
26,001	26,832

Audit Committee Meetings and Attendance by each member

Total number of Audit Committee Meetings held during the year under review: 4

Attendance by each Member:

1. Mr. Sultan Ali Rajwany	Chairman	2
2. Mr. Muhammad Rashid Zahir	Member	4
3. Mr. Zeeshan Feerasta	Member	4

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

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

Attendance by each Member:

1. Mr. Sultan Ali Rajwany	Chairman	2
2. Mr. Nooruddin Feerasta	Member	4
3. Mr. Zeeshan Feerasta	Member	4

Board Meetings held and Attendance by each Director

Total number of Board Meetings held during the year under review: 4

Attendance by each Director:

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



Corporate Social Responsibility (CSR)

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

Health, Safety and Environment

The Company is strongly committed towards all aspects of maintaining a safe and healthy environment, for our business operations as well as affiliated organizations.

The Company fully recognizes safety as a key component of operational excellence and gives vital importance to the training of employees and contractors. We also try to enhance safety awareness and actively incorporate best practices for the industries overall operational set-up.

Our commitment to environment, health and safety is manifested in our operational activities as no major accident was reported in the year 2017.

There was no reportable occupational illness from our employees or contracted manpower in 2017.

Labor Management Relations

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

Approval of Financial Statements

The financial statements for the year 2017 prepared as per provisions of repealed Companies Ordinance, 1984 were approved and authorized for their issuance by the Board of Directors on 21 September 2017.

Approval of the Directors' Report and Compliance Statement

The Board of Directors approved the Directors' Report and statement of compliance on 21 September 2017 and authorized their issuance.

A Note of Gratitude

The Directors wish to express their appreciation for the cooperation provided by the Ministries of Finance, Industries and Production, Commerce, Communication and Textile Industry. We would also like to convey our gratitude to the Federal Board of Revenue, Departments of Customs, Central Excise and Government of the Punjab for their cooperation. We appreciate the patronage and confidence placed in the Company by the Development Financial Institutions and commercial banks. We are thankful to our valued customers and expect growing business relationships with them. To our stakeholders, we are grateful for their faith in the Company. We value their trust and appreciate the continued hard work by the management and staff of the Company.

On behalf of the Board

Nooruddin Feerasta
Chief Executive Officer

Abdul Hayee
Director

Lahore:
21 September 2017

کارپوریٹ سماجی ذمہ داری (CSR)

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

صحت، حفاظت اور ماحول

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

لیبر مینجمنٹ تعلقات

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

مالیاتی گوشواروں کی منظوری

مالی گوشوارے برائے سال ۲۰۱۷ کمپنیوں کے قانون مجریہ ۱۹۸۴ (سابقہ) کے تحت بنائے گئے کی منظوری ۲۱ ستمبر ۲۰۱۷ کو ہونے والے بورڈ آف ڈائریکٹرز کے اجلاس میں دی گئی اور ان کے اجراء کے لیے اختیار دیا گیا تھا۔

ڈائریکٹرز رپورٹ اور تعمیل کا بیان

ڈائریکٹرز رپورٹ اور تعمیل کے بیان کی منظوری بورڈ آف ڈائریکٹرز نے اپنے ۲۱ ستمبر ۲۰۱۷ کو ہونے والے اجلاس میں دی۔

اظہار تشکر

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

منجانب بورڈ آف ڈائریکٹرز:

عبدالحی
ڈائریکٹر

نور الدین فیراستہ
چیف ایگزیکٹو آفیسر

لاہور:

۲۱ ستمبر ۲۰۱۷

- اندرونی کنٹرول کا نظام بہترین اور موثر انداز میں مرتب اور لاگو کرتے ہوئے اس کی مانیٹرنگ کی جاتی ہے۔
- موجودہ حالات میں کمپنی کی قابلیت پر کوئی شکوک و شبہات نہیں ہیں۔

پراویڈنٹ فنڈ کی سرمایہ کاری

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

۳۰ جون ۲۰۱۷	۳۰ جون ۲۰۱۶
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(غیر پڑتال شدہ)	(پڑتال شدہ)
۲۶,۰۰۱	۲۶,۸۳۲

اجلاسوں میں شرکت کی تفصیل محاسبی کمیٹی کل اجلاس

نام کارکن	کتنے اجلاسوں میں شرکت کی
۱- جناب سلطان علی راجوانی (چیئر مین)	۲
۲- جناب محمد رشید ظاہر (ممبر)	۴
۳- جناب ذیشان فیراستہ (ممبر)	۴

انسانی وسائل کی کمیٹی کل اجلاس

نام کارکن	کتنے اجلاسوں میں شرکت کی
۱- جناب سلطان علی راجوانی (چیئر مین)	۲
۲- جناب نور الدین فیراستہ (ممبر)	۴
۳- جناب ذیشان فیراستہ (ممبر)	۴

بورڈ آف ڈائریکٹرز کل اجلاس

نام کارکن	کتنے اجلاسوں میں شرکت کی
۱- جناب نور الدین فیراستہ (چیف ایگزیکٹو آفیسر)	۴
۲- جناب محمد رشید ظاہر (غیر-ایگزیکٹو)	۴
۳- جناب محمد علی سیانی (غیر-ایگزیکٹو)	۴
۴- جناب سلطان علی راجوانی (آزاد اور غیر-ایگزیکٹو)	۲
۵- جناب شہزاد فیراستہ (غیر-ایگزیکٹو)	۲
۶- جناب ذیشان فیراستہ (غیر-ایگزیکٹو)	۴
۷- جناب عبدالحی (ایگزیکٹو)	۴

دیگر ایشاء

کمپنی کی کارکردگی اس رپورٹ کے اوائل حصہ میں تفصیل سے بیان کردی ہے تاہم کمپنیز ایکٹ ۲۰۱۷ کی شق نمبر ۲۲۷ کے تحت کچھ لازمی جزئیات ذیل میں واضح کی جا رہی ہیں۔

- مالی سال ختمہ ۳۰ جون ۲۰۱۷ کے دوران ڈائریکٹران میں کوئی تبدیلی نہیں تھی۔ کمپنی کارپوریشنل کاروبار تسلسل سے جاری رہا۔ سال رواں میں کمپنی پیداواری لاگت کم کرنے کے لیے اہم اقدامات کئے جن میں POY کی توسیع شامل ہے۔ مارکیٹ کے رجحان کا باقاعدہ جائزہ لے کر ماہانہ پروڈکشن پلان بنائے گئے اور اپنے گاہکوں کی مانگ پورا کرنے کیلئے ترسیل مصنوعات کو یقینی بنایا۔ آپریشنل کارکردگی بہت ہی بہتر رہی۔
- بورڈ ممبران اور کمپنی مینجمنٹ درپیش مسائل سے بخوبی آگاہ ہیں اور اہم اقدامات تدریجی مراحل میں اٹھائے جا رہے ہیں جس سے کمپنی کی سرگرمیوں اور مالی امور میں نمایاں تبدیلی آئی ہے۔
- کمپنی مینجمنٹ ادائیگیوں میں نہایت اصول پرست ہے اور اس ضمن میں ایک اعلیٰ ساکھ کی حامل ہے ادائیگی میں بلا جواز تاخیر کبھی رونما نہیں ہوئی۔
- کمپنی کے اندرونی کنٹرول اعلیٰ معیار پر بنائے گئے ہیں جن پر سختی سے عمل ہوتا ہے۔
- کمپنی کے امور میں سال ختمہ ۳۰ جون ۲۰۱۷ سے اب تک کوئی ایسی تبدیلی رونما نہیں ہوئی جو کہ مالی حالت میں کسی بڑی تبدیلی کی عکاس ہوں۔ البتہ برآمد ہونے والے پولی ایسٹریارن پرائیٹی ڈیمپنگ ڈیوٹی لگنے سے اس مدت میں مالی نتائج میں بہتری دیکھنے میں آئے گی۔
- کمپنی کے کاروبار سے ماحولیات پر کوئی مضر اثر نہیں پڑ رہا اور ماحولیاتی تحفظ کے اصولوں کو مد نظر رکھا جاتا ہے۔
- کمپنی اپنی CSR ذمہ داریوں سے بخوبی آگاہ ہے اور اس مد میں وقتاً فوقتاً مختلف مستحق اداروں سے مالی تعاون کرتی رہتی ہے۔

متعلقہ پارٹیوں سے لین دین

نسٹلک کمپنیوں اور متعلقہ پارٹیوں سے کئے گئے لین دین کو بورڈ آف ڈائریکٹرز کے سامنے پیش کیا جاتا ہے۔ سال ۲۰۱۷ میں کیے جانے والے لین دین کو حصص داران کے ہونے والے سالانہ اجلاس میں برائے منظوری پیش کیا جا رہا ہے۔

کوڈ آف کارپوریٹ گورننس کے تحت خصوصی تفصیلات

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

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

فروخت آمدنی برائے سال ۲۰۱۷ء سال گذشتہ کی فروخت آمدنی ۲,۸۹۰ ملین روپے سے بڑھ کر ۵,۰۲۵ ملین روپے ہو گئی۔ فروخت ہونے والے مال کی لاگت میں بہتری کے نتیجے میں خام خسارہ جو سال گذشتہ ۷۰۳.۷۰ ملین روپے تھا سے کم ہو کر ۱۳۲.۹۱ ملین روپے رہ گیا ہے۔ مثبت خام منافع بتا رہا ہے کہ ہم نے لاگت کم کرنے کے جو اقدامات کیے ہیں ان کے باعث پیداواری لاگت میں بہتری آئی ہے۔ آپریٹنگ خسارہ جو سال گذشتہ میں ۱۳۵.۸۰ ملین روپے تھا سے کم ہو کر ۳۸۴.۹۰ ملین روپے رہ گیا۔ فنالس لاگت بھی سال گذشتہ کی لاگت ۱۱۲.۱۳ ملین روپے سے کم ہو کر اس سال ۶۸.۶۸ ملین روپے رہی اس کمی کی بڑی وجہ بینکوں کے شرح سود میں کمی اور حاصل کردہ مائع کا بہتر استعمال تھی۔ قبل ازیکس خسارہ سال گذشتہ میں ۹۱۹.۲۷ ملین روپے سے کم ہو کر ۲۳۰.۶۲ ملین روپے ہو گیا اور بعد ازیکس خسارہ ۲۷۸.۴۳ ملین روپے سے کم ہو کر ۸۳.۰۸ ملین روپے رہ گیا۔

مستقبل کا جائزہ

کمپنی نے پیداواری لاگت کم کرنے اور پیداوار میں اضافہ کے لیے جو اقدامات کیے ان میں ایک اضافی POY لائن لگانا اور پرانی DTY مشینوں کو نئی ٹیکنالوجی سے بدلنا شامل ہے۔ اس سے نہ صرف ہماری PFY کی پیداواری گنجائش بڑھ جائے گی بلکہ ہم مارکیٹ میں PFY سے بننے والی مختلف اقسام کی مصنوعات کی وسیع مانگ کو پورا کر سکیں گے۔ یہ جدید ٹیکنالوجی والی مشین کم توانائی استعمال کرے گی جس سے ہمارے منافع میں بہتری آئے گی۔ توقع ہے کہ یہ منصوبہ ۲۰۱۸ء کی پہلی سہ ماہی میں مکمل ہوگا۔ اس پیداواری گنجائش میں اضافے سے مقامی صنعت PFY کی ۷۰ فیصد ضرورت پوری کر سکے گی۔

PSF اور PFY صنعت کو مستقلاً باہر سے ہونے والی زائد سپلائی جیسے چیلنجر کا سامنا ہے جن کا تدارک صرف اس صورت میں ممکن ہے کہ حکومت مقامی صنعت کے یکساں ہموار سطح کاروبار مہیا کرے اور ایسے اقدامات نافذ العمل کرے تاکہ مقامی صنعت کو مزید خراب ہونے سے بچایا جاسکے۔

چین کی فنی اور مالی معاونت سے CPEC جیسے منصوبے شروع ہیں ان سے ملکی صنعتی کو نمو حاصل ہوگی اور معیشت کو استحکام ملے گا لیکن حکومت اس امر کو یقینی بنائے کہ مقامی صنعت کسی بھی صورت میں متاثر نہ ہو۔

رسک مینجمنٹ

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

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

بورڈ آف ڈائریکٹرز

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

محاسب

موجودہ محاسب میسرز قومی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس اپنے تقرری کی مدت پوری کر چکے ہیں اور بر بنائے اہلیت خود کو دوبارہ تقرری کے لیے پیش کر رہے ہیں۔ بورڈ کی محاسبی کمیٹی نے ان کے محاسب کی حیثیت سے دوبارہ تقرری برائے سال ۲۰۱۷-۱۸ء کی سفارش کی ہے۔

حصص داری کا طرز

۳۰ جون ۲۰۱۷ء کے دن کمپنی کی حصص داری کی ایک تفصیل صفحہ نمبر ۷ پر موجود ہے۔

چونکہ مقامی PFY صنعت کو فوری امداد کی ضرورت تھی اسلئے ہم نے فیڈرل بورڈ آف ریونیو (FBR) کو اس صنعت کی خراب حالت اور NTC کے تعین کردہ نقصانات بوجہ ڈمپنگ سے آگاہ کیا اور FBR سے گزارش کی کہ ایچ ایس کوڈز 5402.5200, 5402.4700, 5402.4600, 5402.3300 اور 5402.6200 کے تحت درآمد ہونے والے PFY پر فوری طور پر ریگولیٹری ڈیوٹی عائد کی جائے۔ FBR نے ہماری گزارشات کی ہمدردانہ سماعت اور حقائق و اعداد و شمار کو سامنے رکھتے ہوئے قومی بجٹ میں یکم جولائی ۲۰۱۷ء سے PFY پر ۵ فیصد ڈیوٹی عائد کر دی۔ اس سے مقامی صنعت کو کچھ آفاقدہ ملا جس کے اثرات سے آنے والے مالیاتی نتائج بہتر ہوں گے۔

NTC نے اپنی ابتدائی تفتیش اور اسکے بعد چین اور ملائیشیا کے برآمد کنندگان اور مقامی پروڈیوسرز کے ہاں جا کر تفصیلی حتمی تفتیش کو مکمل کرتے ہوئے حال ہی میں چین کے مینوفیکچررز پر کم از کم ۳.۲۵ فیصد اور زیادہ سے زیادہ ۱۱.۳۵ فیصد اور ملائیشیا کے مینوفیکچررز پر ۶.۳۶ فیصد ڈیوٹی عائد کر دی ہے۔ اس ڈیوٹی کے نفاذ کے بعد ہم نے اپنی پیداوار کو ۱۰ فیصد پیداواری صلاحیت تک بڑھا دیا ہے۔

بکری کا تعلق ہمیشہ مارکیٹ کے حالات اور مانگ کے رجحان پر ہوتا ہے۔ ہمارے صارف درآمد ہونے والے یارن اور ہمارے یارن کو مارکیٹ کے رجحان کے تناظر میں دیکھتے ہیں اور اپنے مارجن کو بڑھانے کیلئے یارن کچر کرتے ہیں اگرچہ بننے والی مصنوعات کا معیار گر رہی کیوں نہ جائے۔ بے شک ہماری مصنوعات ہمیشہ اعلیٰ معیار کی ہوتی ہیں جس کو وہ ترجیح دیتے ہیں۔

پاکستانی مصنوعات کی برآمدات میں خاطر خواہ کمی واقع ہونے اور اس سے ملکی معیشت پر منفی اثرات کو دیکھتے ہوئے حکومت نے جنوری ۲۰۱۷ء میں ۱۸۰ بلین روپے کے پیکج کا اعلان کیا جس سے اندازہ تھا کہ جون ۲۰۱۸ء تک برآمدات میں تین ارب ڈالر تک کا اضافہ ہوگا۔ اس پیکج کے تحت ٹیکسٹائل مشینری کی درآمد پر مراعات کا بھی اعلان کیا۔ تاہم برآمدات میں کوئی خاطر خواہ اضافہ رونما نہیں ہو رہا۔

اس سال ہمارے خام مال PTA اور MEG کی قیمتوں میں عدم استحکام رہا۔ PTA کی قیمت جو فروری ۲۰۱۶ء میں ۱۵۹۵ امریکی ڈالر فی ٹن تھی اس سال اسی مہینہ میں ۱۵ امریکی ڈالر ہو گئی اور MEG کی قیمت جو فروری ۲۰۱۶ء میں ۵۷۰ امریکی ڈالر تھی اس سال فروری میں ۹۸۰ امریکی ڈالر ہو گئی۔

ڈمپ قیمتوں پر آنے والے یارن میں اضافہ کے باعث ہماری پولیسٹر فلامنٹ کی موجودہ پیداواری صلاحیت کے استعمال میں کمی ہو رہی جس سے ہماری نقصانات ہوئے ہیں۔ اینٹی ڈمپنگ ڈیوٹی کے اطلاق سے درآمدی مصنوعات اور مقامی مصنوعات کے نرخوں میں خلا کم ہوگا جس سے مقامی صنعت کی نمو اور سہارا ملے گا۔ یارن کاروباری لوگ اینٹی ڈمپنگ ڈیوٹی کے خلاف ہیں اور غلط بے بنیاد معلومات و اعداد و شمار ملکی قابل احترام قانونی فورمز کو پیش کرتے ہیں وہ اس حقیقت کو بالکل ہی نظر انداز کر رہے ہیں کہ ملک کی PFY صنعت جس میں اربوں کی سرمایہ کاری کی ہوئی ہے اُس کا تحفظ نہ ہوا تو یہ برباد ہو جائے گی اور بے شمار لوگ بے روزگار ہو جائیں گے۔

ملک کے گیس کی ترسیل کے نیٹ ورک میں آریل این جی کی دستیابی کارخانوں کو چلانے اور لاگت کم کرنے کیلئے توانائی کی مد میں اہم کردار کر رہی ہے۔ چین سے آنے والے پالی ایسٹریٹھیل فائبر (PSF) اینٹی ڈمپنگ ڈیوٹی مقامی PSF بنانے والوں کے لیے منافع بخش ہو گیا ہے اور مانگ بہتر نرخوں پر پوری ہو رہی ہے تاہم خام مال PTA اور MEG کے نرخوں میں عدم استحکام سے فروخت شدہ مال کی پیداواری لاگت پر منفی اثر پڑا ہے۔

فروخت ٹیکس کی واپسی کی مد میں ہماری بھاری رقوم حکومت کے پاس رُکی ہوئی ہیں۔ حکومت نے کمال مہربانی کرتے ہوئے جُودی طور پر ادائیگی کر دی ہے جس سے ہمارا کیش فلو کچھ بہتر ہوگا تاہم GIDC کی شکل میں ایک بڑا دھچکا صنعت پر منڈلا رہا ہے۔ یہ معاملہ عدالت عالیہ لاہور کے حکم کے تحت سوئی گیس پائپ لائنز لمیٹڈ (SNGPL) کے پاس زیر التواء ہے۔

سال ۲۰۱۷ء میں PSF اور PFY کی فروخت کا حجم سال گذشتہ کے متوازن رہا۔ اگرچہ ہماری مارکیٹنگ کی کاوشیں بکری بڑھانے میں بڑی فعال رہی ہیں مگر مارکیٹ کی مندری اور باہر سے آنے والے کپڑے کے ساتھ سخت مقابلہ کے باعث ہمارے صارفین ہم سے ایک حد سے زیادہ مال خریدنے کی حالت میں نہیں تھے۔

ممبران کے لیے ڈائریکٹرز کی رپورٹ

کمپنی کے ڈائریکٹران کی جانب سے ہم آپ کو سینتیسویں (۳۷ویں) سالانہ اجلاس میں خوش آمدید کہتے ہیں اور کمپنی کی سالانہ رپورٹ اور پڑتال شدہ حسابات برائے سال ختمہ ۳۰ جون ۲۰۱۷ء ہمراہ ڈائریکٹران کی رپورٹ کے پیش کرتے ہیں۔

مالیاتی نتائج

--- روپے ہزاروں میں ---	
(۱۲۳،۰۶۲)	- قبل از ٹیکس خسارہ
۲،۹۸۱	- ٹیکس
(۱۲۰،۰۸۳)	- بعد از ٹیکس خسارہ
روپے	
(۳.۵۲)	- فی حصہ خسارہ (بنیادی اور منہ آبد آمد میز شدہ)

مجموعی جائزہ

کمپنی نے سال ۲۰۱۷ میں نمایاں نمو حاصل کی ہے۔ بورڈ آف ڈائریکٹرز نے ہمارے کاروبار کو درپیش خطرات کا عمیق جائزہ لیتے ہوئے بہت سارے ایسے انتظامی اقدامات اٹھائے جن کے نتیجے میں کمپنی خام منافع میں آگئی ہے۔ پیداوار میں اضافے اور پیداواری لاگت کم کرنے کے لیے موجودہ پیداواری صلاحیتوں میں اضافہ کرنے کی خاطر بہت ساری تبدیلیوں کے ساتھ ایک نئی POY لائن کا اضافہ بھی کیا ہے۔

ہماری مصنوعات پولیسٹر فلامنٹ یارن (PFY) چین اور دیگر ممالک سے ہونے والی ڈمپنگ سے بڑی طرح سے متاثر ہو رہی ہے جو کہ مقامی PFY مینوفیکچررز کیلئے ضرر رساں ہے۔ چونکہ چین اور ملائیشیا سے برآمد ہونے والے پولیسٹر فلامنٹ یارن (PFY) کی پاکستان میں موجودگی مقامی یارن مارکیٹ کی نمو میں بڑی رکاوٹ تھی اسلئے مقامی صنعت کو بچانے کے لیے آپ کی کمپنی نے ایک اور سرکردہ پیداکنندہ کے ہمراہ قومی ادارے برائے ٹیرف (NTC) کو PFY پر ایٹمی ڈمپنگ ڈیوٹی عائد کرنے کے لیے درخواست دے رکھی تھی۔ اُس کے نتیجے میں فروری ۲۰۱۷ میں NTC نے اپنی ابتدائی تحقیقات میں اعتراف کیا تھا کہ چین اور ملائیشیا کی کمپنیاں پاکستانی منڈی کو بہت نقصان پہنچا رہی ہیں۔ یہ ایک طے شدہ حقیقت ہے جس کو NTC نے اپنی PFY کی تحقیقات میں تسلیم کیا ہے کہ ملکی صنعت کو ڈمپ ہونے والی درآمدگیوں، پرائس انڈرکننگ، پیداوار اور فروخت میں کمی، مارکیٹ شیئر میں کمی، پیداواری صلاحیتوں اور اجرتوں پر منفی اثرات، پیداواری گنجائش کے کم استعمال، منافع میں کمی اور سرمایہ کاری پر منافع نہ ملنے جیسے بھاری اور مُضر اثرات کا سامنا اٹھانا پڑ رہا ہے۔ NTC نے اپنی رپورٹ میں حتمی طور پر ڈمپنگ سے مقامی صنعت کو ہونے والے نقصانات کا تفصیل سے ایسے ذکر کیا ہے:

- PFY کی ڈمپنگ کا حجم مطلقاً بہت ہی تجاوز کر گیا ہے۔
- ڈمپڈ درآمدگیوں کے باعث مقامی صنعت کو پرائس انڈرکننگ کا سامنا ہے۔
- ڈمپڈ درآمدگیوں سے مارکیٹ میں تناسبی حصہ بہت بڑھ گیا جبکہ مقامی پراڈکٹ کا حصہ بہت ہی کم ہو گیا۔
- ڈمپڈ درآمدگیوں کی اضافت سے مقامی پراڈکٹ کی فروخت بہت کم ہو گئی۔
- ڈمپڈ درآمدگیوں کا مارکیٹ میں تناسب بہت بڑھ جانے سے مقامی پراڈکٹ کا پیداواری حجم بہت کم ہو گیا۔
- ڈمپڈ درآمدگیوں کے باعث مقامی صنعت کی پیداواری گنجائش کے استعمال میں بہت کمی واقع ہوئی۔
- مقامی صنعت منافع بخش ہونے کے بجائے نقصان سے دوچار ہوئی۔
- مقامی صنعت کی پیداواری صلاحیت پر منفی اثرات مرتب ہوئے۔
- مقامی صنعت کو سرمایہ کاری پر مناسب منافع نہیں مل رہا۔

درج بالا نتائج کے باوجود NTC نے مقامی متاثرہ صنعت کو مزید خراب ہونے سے بچانے کیلئے کوئی بھی عارضی ڈمپنگ ڈیوٹی عائد نہ کی حالانکہ ۲۰۱۲ سے سابقہ تمام تحقیقات میں جہاں بھی نقصان ہوتا یا تو عارضی ڈیوٹی ضرور لگائی۔



Notice of Meeting

Notice is hereby given that the Thirty Seventh Annual General Meeting of Rupali Polyester Limited (“the Company”) will be held at Rupali House, 241-242 Upper Mall Scheme, Anand Road, Lahore on Friday, 27 October 2017 at 9:30 a.m. to transact the following business:

Ordinary Business:

- 1) To confirm the minutes of Thirty Sixth Annual General Meeting of the Company held on 31 October 2016.
- 2) To receive, consider and adopt Annual Audited Financial Statements of the Company together with the Directors and Auditors Reports thereon for the year ended 30 June 2017.
- 3) To appoint Auditors of the Company for the year 2017-18 and to fix their remuneration. The present Auditors, M/s. Qavi & Co., Chartered Accountants, retire and being eligible, offer themselves for reappointment.

Special Business:

- 4) (a) To approve transactions conducted with associated companies (related parties) for the year ended 30 June 2017 by passing the following special resolution:

“RESOLVED THAT the following transactions conducted with associated companies (related parties) for the year ended 30 June 2017 be and are hereby ratified, approved and confirmed:

Name	Description of Transaction	Amount in Rs. '000		
		Purchase	Sale	Others
Rupafil Limited	Sale/purchase of goods and services	153,089	904,943	-
Rupali Nylon (Pvt.) Limited.	Purchase of goods and services	4,633	-	-
Soneri Bank Limited	Profit on Bank deposits	-	-	934

- (b) To authorize Chief Executive Officer of the Company to approve transactions with Related Parties for the year ending 30 June 2018 by passing the following special resolution with or without modification:

“RESOLVED THAT the Chief Executive Officer of the Company be and is hereby authorized to approve the transactions to be conducted with Related Parties on case to case basis during the year ending 30 June 2018.

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

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

By order of the Board

Lahore: S. Ghulam Shabbir Gilani
21 September 2017 Company Secretary

Notes:

- 1) Share transfer books of the Company will remain closed from 22 October 2017 to 27 October 2017 (both days inclusive).
- 2) A member entitled to attend and vote at the Annual General Meeting is entitled to appoint another member as a Proxy to attend and vote. Form of proxy must be deposited at the Company's Registered Office situated at 241-242 Upper Mall Scheme, Anand Road, Lahore not later than 48 hours before the time of holding the meeting. Proxy form is attached.
- 3) Accountholders/sub-accountholders holding book entry securities of the Company in Central Depository System (CDS) of Central Depository Company of Pakistan Limited (CDC) who wish to attend the Annual General Meeting are requested to please bring their

original Computerized National Identity Card (CNIC) or original passport with a photocopy duly attested by their bankers alongwith participant's I.D. number and their account number in CDS for identification purposes.

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

4) Submission of copy of CNIC (Mandatory)

In order to comply with the directives of the Securities and Exchange Commission of Pakistan issued from time to time, the shareholders are requested to kindly send photocopy of their CNICs to us immediately at our address "Rupali House, 241-242 Upper Mall Scheme, Anand Road, Lahore-54000 or our Share Registrar M/s. THK Associates (Pvt.) Limited, Ground Floor, State Life Building No. 3, Dr. Ziauddin Ahmed Road, Karachi – 75530". The shareholders who have already provided CNIC number to us need not re-submit it unless the CNIC is expired. Corporate shareholders are requested to provide their National Tax Numbers (NTN). In case of non submission of copy of CNIC all future dividend warrants may be withheld.

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

6) Consent for the Facility of video-link

Members may participate in the meeting via video-link facility. If the Company receives a demand from members holding an aggregate

10% or more shareholding residing at a geographical location outside Lahore to participate in the meeting through video link at least 7 days prior to the date of meeting, the Company will arrange video link facility in that city.

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

I/we _____ of _____ being a member of Rupali Polyester Limited holder of _____ ordinary share(s) as per Registered Folio / CDC Account No. _____ hereby opt for video link facility at _____.

Signature of Member

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

This statement sets out the material facts concerning the special business to be transacted at the Thirty Seventh Annual General Meeting of Rupali Polyester Limited to be held on 27 October 2017.

Agenda Item No. 4 (a) – Transactions carried out with associated companies (related parties) during the year ended 30 June 2017 to be approved by way of Special Resolution

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

However, the majority of Company Directors were interested in these transactions due to their common directorship and holding of shares in the group companies, the quorum of directors could not be formed for approval of these transactions pursuant to section 207 of the Companies Act, 2017 and therefore, these transactions have to be approved by the shareholders in General Meeting.

Agenda Item No. 4 (b) – Authorization to Chief Executive Officer for Related Party Transactions to be carried out with associated companies during the year ending 30 June 2018 to be approved by way of Special Resolution

The Company shall be conducting Related Party Transactions with associated companies during the year ending 30 June 2018 in the normal course of business. The majority of Directors are interested in these transactions due to their common directorship and shareholding in the associated companies. Therefore, these transactions with associated companies have to be approved by the shareholders.

In order to ensure smooth supply during the year, the shareholders may authorize the Chief Executive Officer to approve transactions with associated companies on case to case basis for the year ending 30 June 2018. The summary of commercial reasons, nature and scope of Related Party Transactions are explained in the proposed resolution. However, these transactions shall be placed before the shareholders in the next General Meeting for their approval/ratification.

The Directors are interested in the resolution to be extent of their common directorship and shareholding in the associated companies.

Engagement with Investors and Shareholders

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

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

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

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

Statement of Compliance

with the Code of Corporate Governance

Name of Company - Rupali Polyester Limited

Year Ended - 30 June 2017

This statement is being presented to comply with the Code of Corporate Governance contained in the Rule Book of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

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

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

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

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. During the year no casual vacancy occurred on the Board.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors have been taken by the board/shareholders.
8. The meetings of the Board were presided over by the Chairman and in his absence by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. Most of the directors are fully in compliance with the provision with regard to directors 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 CEO and CFO before approval of the board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The board has formed an audit committee. It comprises 3 members, all of whom are non-executive directors and the Chairman of the committee is an independent director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises 3 members, majority of whom are non-executive directors and the Chairman of the committee is a non-executive director.
18. The board has set-up an effective internal audit function. The Head of Internal Audit and Audit team are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange.
22. Material/price sensitive information has been disseminated among all market participants at once through the stock exchange.
23. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the CCG have been complied with.

For and on behalf of the Board of Directors

Nooruddin Feerasta
Chief Executive Officer

Lahore: 21 September 2017

Review Report to the Members

on Statement of Compliance with the Best Practices of the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of RUPALI POLYESTER LIMITED ("the Company") for the year ended 30 June 2017 to comply with the requirements of Regulation 5.19 of the Rule Book of Pakistan Stock Exchange Limited, where the Company is listed.

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

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

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of approval of related party transactions by the Board of Directors and upon recommendation of the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 30 June 2017.

Lahore
Dated: 21 September 2017

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

Auditors' Report to the Members

We have audited the annexed balance sheet of RUPALI POLYESTER LIMITED as at 30 June 2017 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 repealed 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 accounts have been kept by the Company as required by the repealed 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 repealed Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes as stated in note 3.1 to the accompanying financial statements with which we concur;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the repealed 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 2017 and of the loss, total comprehensive loss, its cash flows and changes in the equity for the year then ended; and
- d) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Lahore
Dated: 21 September 2017

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



Financial Statements

for the year ended 30 June 2017

Balance Sheet

as at 30 June 2017

	Note	2017 (Rupees '000)	2016 (Rupees '000)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	2,971,353	1,637,969
Investment property	6	400,000	400,000
Long-term deposits	7	4,396	4,361
		3,375,749	2,042,330
CURRENT ASSETS			
Stores, spares and loose tools	8	872,357	804,391
Stock-in-trade	9	725,481	531,456
Trade debts	10	1,461	10,081
Loans and advances	11	30,449	15,324
Trade deposits and short-term prepayments	12	1,161	4,298
Other receivables	13	479,639	550,978
Taxation - net	14	179,754	177,304
Cash and bank balances	15	62,920	250,628
		2,353,222	2,344,460
		5,728,971	4,386,790
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 35,000,000 (2016: 35,000,000) ordinary shares of Rs. 10 each		350,000	350,000
Issued, subscribed and paid-up capital	16	340,685	340,685
Reserves	17	277,333	398,726
		618,018	739,411
Surplus on revaluation of freehold land	18	1,719,056	293,388
		2,337,074	1,032,799
NON-CURRENT LIABILITIES			
Long-term financing	19	183,879	245,172
Staff retirement benefits	20	138,587	121,043
Deferred taxation - net	21	267,438	279,547
Liabilities against assets subject to finance lease	22	2,272	3,371
		592,176	649,133
CURRENT LIABILITIES			
Trade and other payables	23	870,332	874,772
Short-term borrowings	24	1,839,800	1,743,057
Accrued mark-up		27,287	24,800
Current portion of long-term borrowings	25	62,302	62,229
		2,799,721	2,704,858
CONTINGENCIES AND COMMITMENTS			
	26	5,728,971	4,386,790

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


Nooruddin Feerasta
Chief Executive Officer


Muhammad Rashid Zahir
Director

Profit and Loss Account

for the year ended 30 June 2017

	Note	2017 (Rupees '000)	2016 (Rupees '000)
Sales	27	5,025,401	4,890,041
Cost of goods sold	28	(4,887,698)	(4,969,175)
Gross profit / (loss)		137,703	(79,134)
Selling and distribution expenses	29	(12,726)	(13,077)
Administrative and general expenses	30	(153,625)	(142,362)
Other charges	31	(9,300)	(1,921)
Other income	32	28,564	100,687
Operating loss		(9,384)	(135,807)
Finance cost	33	(113,680)	(135,112)
Loss before taxation		(123,064)	(270,919)
Reversal of / (Provision for) taxation	34	2,981	(62,559)
Loss after taxation		(120,083)	(333,478)
		Rupees	
Loss per share - basic and diluted	35	(3.52)	(9.79)

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

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



Nooruddin Feerasta
Chief Executive Officer



Muhammad Rashid Zahir
Director

Statement of Comprehensive Income

for the year ended 30 June 2017

	Note	2017 (Rupees '000)	2016 (Rupees '000)
Loss after taxation		(120,083)	(33,000)
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
- Remeasurement loss on defined benefit obligation	20	(1,871)	
- Deferred tax credit relating to remeasurement of defined benefit obligation		561	
Items that may be reclassified subsequently to profit or loss:			
- Surplus on revaluation of freehold land	5.1	1,425,668	
Other comprehensive income for the year		1,424,358	
Total comprehensive income / (loss)		1,304,275	(33,000)

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



Nooruddin Feerasta
Chief Executive Officer



Muhammad Rashid Zahir
Director

Cash Flow Statement

for the year ended 30 June 2017

	Note	2017 (Rupees '000)	2016 (Rupees '000)
CASH FLOW FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	36	(26,133)	719
Finance costs paid		(111,193)	(138,716)
Income tax paid		(11,017)	(13,858)
Staff retirement benefits paid		(10,248)	(5,801)
Profit / mark-up received		934	1,909
Net Cash outflow from operating activities		(157,657)	(155,747)
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure		(64,614)	(73,111)
Proceeds from disposal of property, plant and equipment		174	1,050
Long-term deposits		(35)	-
Net cash outflow from investing activities		(64,475)	(72,061)
CASH FLOW FROM FINANCING ACTIVITIES			
Long-term financing		(61,293)	23,151
Liabilities against assets subject to finance lease		(1,026)	(938)
Net cash (outflow) / inflow from financing activities		(62,319)	22,213
Net decrease in cash and cash equivalents		(284,451)	(205,595)
Cash and cash equivalents at the beginning of the year		(1,492,429)	(1,286,773)
Effect of exchange rate fluctuations		-	(61)
Cash and cash equivalents at the end of the year		(1,776,880)	(1,492,429)
Cash and cash equivalents			
Cash and bank balances	15	62,920	250,628
Short-term borrowings	24	(1,839,800)	(1,743,057)
		(1,776,880)	(1,492,429)

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



Nooruddin Feerasta
Chief Executive Officer



Muhammad Rashid Zahir
Director

Statement of Changes in Equity

for the year ended 30 June 2017

(Rupees '000)

	Issued, subscribed and paid-up capital	Capital Reserves		Revenue Reserves		Total Equity	Surplus on revaluation of freehold land	Total
		Share premium (note-17)	General reserve	Accumulated Loss				
Balance as on 01 July 2015	340,685	71,490	1,664,125	(1,003,411)	1,072,889	293,388	1,366,277	
Total Comprehensive loss								
- Loss for the year ended 30 June 2016	-	-	-	(333,478)	(333,478)	-	(333,478)	
- Other comprehensive income for the year ended 30 June 2016	-	-	-	-	-	-	-	
	-	-	-	(333,478)	(333,478)	-	(333,478)	
Balance as on 30 June 2016	340,685	71,490	1,664,125	(1,336,889)	739,411	293,388	1,032,799	
Balance as on 01 July 2016	340,685	71,490	1,664,125	(1,336,889)	739,411	293,388	1,032,799	
Total Comprehensive income								
- Loss for the year ended 30 June 2017	-	-	-	(120,083)	(120,083)	-	(120,083)	
- Other comprehensive income for the year ended 30 June 2017	-	-	-	(1,310)	(1,310)	1,425,668	1,424,358	
	-	-	-	(121,393)	(121,393)	1,425,668	1,304,265	
Balance as on 30 June 2017	340,685	71,490	1,664,125	(1,458,282)	618,018	1,719,056	2,337,079	

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



Nooruddin Feerasta
Chief Executive Officer



Muhammad Rashid Zahir
Director

Notes to the Financial Statements

for the year ended 30 June 2017

1 Legal status and nature of business

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

2 Basis of preparation

2.1 Statement of compliance

During the year, the Companies Act, 2017 (the Act) has been promulgated, however, the Securities and Exchange Commission of Pakistan vide its circular no. 17 of 2017 dated July 20, 2017 communicated that the Commission has decided that the companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, these financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

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

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

a) Provision for taxation

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

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

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

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

3.1 Standards, interpretations and amendments to published approved accounting standards that are effective and relevant to the Company

There are new and amended standards and interpretations that are mandatory for the Company's accounting periods beginning on or after July 01, 2016 but are considered not to be relevant or to have any significant effect on the Company's operations, except for the following:

IAS 1 Presentation of financial statements - Amendments resulting from disclosure initiative

IAS 16 Property, plant and equipment - Amendments regarding the clarification of acceptable methods of depreciation and bringing bearer plants into the scope of IAS 16



Notes to the Financial Statements

for the year ended 30 June 2017

IAS 19 Employee benefits - Amendments resulting from September 2014 annual improvements

IAS 38 Intangible assets - Amendments regarding the clarification of acceptable method of amortisation

3.2 Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant to the Company

Except as stated above, the new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after July 01, 2016, are considered not to be relevant or to have any significant effect on the Company's financial statements and are, therefore, not disclosed.

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

	Effective for periods beginning on or after
IFRS 2 Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	January 01, 2018
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IAS 7 Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)	January 01, 2017
IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	January 01, 2017
IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)	January 01, 2018
IAS 40 Investment Property: Transfers of Investment Property (Amendments)	January 01, 2018
IFRIC 22 Foreign Currency Transactions and Advance Consideration	January 01, 2018
IFRIC 23 Uncertainty over Income Tax Treatments	January 01, 2019

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB annual improvements 2014-2016 cycle. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018. The Company expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

	Effective for periods beginning on or after
IFRS 9 Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14 Regulatory Deferral Accounts	January 01, 2016
IFRS 15 Revenue from Contracts with Customers	January 01, 2018
IFRS 16 Leases	January 01, 2019
IFRS 17 Insurance Contracts	January 01, 2021

Notes to the Financial Statements

for the year ended 30 June 2017

4 Significant accounting policies

The significant accounting policies as set out below are consistently applied for all periods presented in these financial statements except for the changes as stated in note 3.1 to these financial statements.

4.1 Property, plant and equipment

4.1.1 Operating fixed assets

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

Depreciation on operating fixed assets is calculated on reducing balance method. Full month's depreciation is charged in the month of addition, whereas no depreciation is charged in the month of disposal or deletion of assets. Rates of depreciation, which are disclosed in note 5, are determined to allocate the cost of an asset less estimated residual value, if significant, over its useful life.

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

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

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

4.1.2 Capital work-in-progress

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

4.2 Impairment

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

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

4.3 Investment property

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

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

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference between the carrying amount and fair value of this item at the date of transfer



Notes to the Financial Statements

for the year ended 30 June 2017

is recognised in equity as a revaluation reserve for investment property. However, if fair value gain reverses a previous impairment loss, the gain is recognised in the profit and loss account. Upon the disposal of such investment property, any surplus previously recorded in equity is transferred to retained earnings, the transfer is not made through profit and loss account.

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

4.4 Financial instruments

4.4.1 Financial assets

The Company classifies its financial assets in the following categories:

- at fair value through profit or loss;
- loans and receivables;
- available for sale; and
- held to maturity.

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

a) At fair value through profit or loss

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

b) Loans and receivables

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

c) Available-for-sale financial assets

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

d) Held to maturity

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

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

Notes to the Financial Statements

for the year ended 30 June 2017

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

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

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

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

4.4.2 Financial liabilities

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

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

4.4.3 Offsetting of financial assets and financial liabilities

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

4.5 Advances, deposits and prepayments

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

4.6 Stores, spares and loose tools

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

4.7 Stock-in-trade

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

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.



Notes to the Financial Statements

for the year ended 30 June 2017

4.8 Trade debts and other receivables

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

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

4.9 Cash and cash equivalents

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

4.10 Staff retirement benefits

4.10.1 Defined benefit plan - Gratuity

The Company operates an Unfunded Defined Benefit Gratuity Scheme for all its permanent employees who attain the minimum qualification period for entitlement to gratuity. The provision is made on the basis of actuarial recommendation to cover the obligation under the scheme for all employees eligible to gratuity benefits. The Company conducts actuarial valuation after every two years and the latest actuarial valuation being carried out at 30 June 2017 (refer note 20).

4.10.2 Defined contribution plan - Provident fund

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

4.11 Taxation

4.11.1 Current

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

4.11.2 Deferred

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

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

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

4.12 Compensated absences

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

4.13 Trade and other payables

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

Notes to the Financial Statements

for the year ended 30 June 2017

4.14 Provisions

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

4.15 Borrowings and borrowing cost

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

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

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

4.16 Revenue recognition

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

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

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

4.17 Proposed dividend and transfer between reserves

Dividend declared and transferred between reserves made subsequent to the reporting date are considered as non-adjusting events and are recognized in the financial statements in the period in which such dividends are declared / transfers made.

4.18 Transactions with related parties

All transactions with related parties are entered into at arm's length basis as disclosed in note 39 (as defined in the repealed Companies Ordinance, 1984).

4.19 Foreign currency transactions and translation

a) Functional and presentation currency

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

b) Transactions and balances

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

Notes to the Financial Statements

as at 30 June 2017

5.3 Disposal of operating fixed assets

The following assets were disposed off during the year:

							(Rupees '000)
Particulars of assets	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Gain / (Loss) on Disposal	Mode of Disposal	Particulars of Buyers
Office Equipment							
Data Base Server	432	258	174	174	-	Negotiation	Rupafil Limited
	432	258	174	174	-		
2017	432	258	174	174	-		
2016	1,711	1,366	345	1,050	705		

5.4 Capital work-in-progress

Civil works

Plant and machinery

Office equipment

Furniture and fixture

	2017	2016
	(Rupees '000)	(Rupees '000)
Civil works	4,385	680
Plant and machinery	2,647	30,643
Office equipment	732	730
Furniture and fixture	208	233
	<u>7,972</u>	<u>32,286</u>



Notes to the Financial Statements

as at 30 June 2017

	Note	2017 (Rupees '000)	2016 (Rupees '000)
6			
Investment property			
Fair value at the beginning of the year		400,000	325,000
Fair value gain during the year	6.1	-	75,000
Fair value at the end of the year		400,000	400,000

6.1 The fair value of investment property was determined at 30 June 2017 by an independent valuer having relevant professional qualifications. The fair value was determined on the basis of professional assessment of the price that would be received to sell the property in an orderly transaction between market participants at the measurement date.

	Note	2017 (Rupees '000)	2016 (Rupees '000)
7			
Long-term deposits			
Security deposits		4,396	4,361
		4,396	4,361
8			
Stores, spares and loose tools			
Stores -			
- In hand	8.1	102,054	93,106
- In transit		-	6,967
		102,054	100,073
Spares -			
- In hand		740,638	681,036
- In transit		23,088	16,850
		763,726	697,886
Loose tools -			
- In hand		6,577	6,432
		872,357	804,391

8.1 This includes fuel for power and steam generation amounting to Rs. 17.933 million (2016: Rs. 10.245 million).

Notes to the Financial Statements

as at 30 June 2017

	Note	2017 (Rupees '000)	2016 (Rupees '000)
9			
Stock-in-trade			
Raw and packing materials -			
- In hand		373,231	237,946
- In transit		7,855	-
		381,086	237,946
Work-in-process		29,981	22,059
Finished goods	9.1	314,414	271,451
		725,481	531,456

9.1 Finished goods of Rs. 13.490 million (2016: Rs. 126.134 million) are being carried at net realisable value and an amount of Rs. 1.787 million (2016: Rs. 22.663 million) has been charged to cost of goods sold.

	Note	2017 (Rupees '000)	2016 (Rupees '000)
10			
Trade debts			
Considered good - Unsecured		1,461	10,081
		1,461	10,081
11			
Loans and advances - Considered good			
Loans due from -			
- Executives	11.1	-	457
- Non-Executives	11.1	1,969	1,303
		1,969	1,760
Advances due from -			
- Staff against expenses		837	760
- Suppliers and contractors		27,643	12,804
		28,480	13,564
		30,449	15,324

11.1 Loans have been granted under staff loan policy, as temporary financial assistance, to staff. These are secured against the gratuity payable to employees and are recoverable in 12 equal monthly instalments. These loans carry mark-up at the rate of 14.00% (2016: 14.00%) per annum. The maximum aggregate amount of loans and advances due from non-executives at the end of any month during the year was Rs. 0.051 million (2016: Rs. 0.457 million). The chief executive officer and directors have not taken any loan or advance from the Company.



Notes to the Financial Statements

as at 30 June 2017

	Note	2017 (Rupees '000)	2016 (Rupees '000)
12 Trade deposits and short-term prepayments			
Deposits - Considered good			
Margin on bank guarantees		265	265
Prepayments - Considered good			
Prepaid rent		-	2,903
Prepaid insurance		727	734
Other prepayments		169	396
		1,161	4,298
13 Other Receivables			
Considered good			
Due from associated companies	13.1	32	31
Due from other related parties	13.2	41,943	41,942
Insurance claim receivable		729	2,125
Sales tax refundable		416,444	487,829
Others		3,756	3,230
		462,904	535,157
Considered doubtful			
Sales tax refundable		28,513	28,513
Less: Provision for doubtful receivables	13.3	(26,821)	(26,821)
		1,692	1,692
Others		15,043	14,129
		479,639	550,978

13.1 Maximum amount due from associated companies at the end of any month during the year was Rs. 0.032 million (2016: Rs. 0.069 million). The amounts due from associated companies are in the normal course of business and are interest free.

13.2 Maximum amount due from other related parties at the end of any month during the year was Rs. 41.943 million (2016: Rs. 41.944 million). The amounts due from other related parties are in the normal course of business and are interest free.

13.3 This includes provision for doubtful receivable amounting to Rs. 24.204 million (2016: Rs. 24.204 million), which has been created towards payments made under protest to Sales Tax Department to avail amnesty offered vide SRO 575 (I) / 1998 dated 12.06.1998 and SRO 679 (I) / 1999 dated 12.06.1999.

Notes to the Financial Statements

as at 30 June 2017

	Note	2017 (Rupees '000)	2016 (Rupees '000)
14			
Taxation - net			
Opening Tax receivable		177,304	212,345
Tax payments / adjustments during the year - net of refund		46,387	13,859
		223,691	226,204
Provision for taxation	34	(43,937)	(48,900)
		179,754	177,304

The income tax assessment of the company has been finalized up to Tax Year 2016 (accounting year ended 30 June 2016). Return for the tax year 2016 has been duly filed.

15			
Cash and bank balances			
Balance with banks			
- Current accounts		307	178
- PLS Accounts			
- Local currency	15.1	58,298	247,792
- Foreign currency	15.2	19	19
		58,624	247,989
Cash in hand			
- Local currency		3,966	2,415
- Foreign currency		330	224
		4,296	2,639
		62,920	250,628

15.1 The balances in PLS accounts carry mark-up rate ranging between 4% to 7.50% (2016: 4.00% to 8.25%) for local currency and Nil (2016: Nil) for foreign currency.

15.2 Cash at banks in PLS accounts include US \$ 181.12 (2016: US \$ 181.12).



Notes to the Financial Statements

as at 30 June 2017

16 Issued, subscribed and paid-up capital			Note	2017	2016
	2017	2016		(Rupees '000)	(Rupees '000)
	Ordinary shares of Rs. 10 each	Ordinary shares of Rs. 10 each			
	9,690,900	9,690,900		96,909	96,909
		- Shares allotted for consideration paid in cash			
	19,933,895	19,933,895		199,339	199,339
		- Shares issued against non-repatriable investment			
	4,443,719	4,443,719		44,437	44,437
		- Shares allotted as bonus shares			
	34,068,514	34,068,514		340,685	340,685
17 Reserves					
Capital					
- Share premium			17.1	71,490	71,490
Revenue					
- General reserve				1,664,125	1,664,125
- Accumulated loss				(1,458,282)	(1,336,889)
				205,843	327,236
				277,333	398,726

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

18 Surplus on revaluation of freehold land

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

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

19 Long-term financing			Note	2017	2016
				(Rupees '000)	(Rupees '000)
From banking companies - secured					
- Utilized under mark-up arrangement			19.1	245,172	306,465
Current portion shown under current liabilities			25	(61,293)	(61,293)
Non-current portion				183,879	245,172

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

Notes to the Financial Statements

as at 30 June 2017

20 Staff retirement benefits

20.1 Defined benefit plan - gratuity

The scheme provides for terminal benefits for all its permanent employees who attain the minimum qualifying period for entitlement to gratuity.

Annual charge is based on actuarial valuation conducted in accordance with IAS-19 (Revised) - 'Employee Benefits' as of 30 June 2017, using the Projected Unit Credit Method.

20.1.1 Principal actuarial assumptions

Following are a few important actuarial assumptions used in valuation:

	2017	2016
Discount rate (%) per annum	7.25	9
Expected rate of salary increase in future years (%) per annum	6.25	8
Average expected remaining working life time of employees (years)	7	7
Average duration of liability (years)	6	6

	Note	2017 (Rupees '000)	2016 (Rupees '000)
20.1.2 The amount recognised in the balance sheet			
Present value of defined benefit obligation	20.1.3	138,587	121,043
Less: fair value of plan assets		-	-
Defined benefit liability at the end of the year		138,587	121,043
20.1.3 Reconciliation of present value of defined benefit obligation			
Present value at the beginning of the year		121,043	105,313
Charge for the year - Profit and loss account	20.1.4	25,921	21,531
Charge for the year - Other comprehensive income	20.1.5	1,871	-
Benefits paid during the year		(10,248)	(5,801)
Present value at the end of the year		138,587	121,043
20.1.4 Amount chargeable to profit or loss for the year			
Current service cost		15,488	12,314
Net interest cost		10,433	9,217
		25,921	21,531
20.1.5 Remeasurement of net defined benefit liability			
Actuarial losses due to changes in demographic assumptions		-	-
Actuarial losses due to experience assumptions		1,871	-
		1,871	-
20.1.6 Charge for the year has been allocated as follows:			
Cost of goods sold	28	17,009	13,827
Selling and distribution expenses	29	446	385
Administrative and general expenses	30	8,466	7,319
		25,921	21,531



Notes to the Financial Statements

as at 30 June 2017

20.1.7 Sensitivity analysis

The calculation of defined benefit obligation is sensitive to assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting period would have increased/(decreased) as a result of a change in respective assumptions by one percent.

	Effect of 1% increase	Effect of 1% decrease
	(Rupees '000)	(Rupees '000)
Present value in case of discount rate	129,883	148,683
Present value in case of future salary growth	148,683	129,729

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

20.2 Defined contribution plan - provident fund

The company has contributory provident fund scheme for benefits of all its permanent employees under the title of "Rupali Polyester Limited - Employees' Provident Fund Trust". The fund is maintained by the Trustees and all the decisions regarding investments and distribution of income etc. are made by the Trustees independent of the Company.

20.2.1 The Trustees have intimated that the size of the Fund at the year end was Rs. 26.07 million (2016: Rs. 26.907 million).

20.2.2 As intimated by the Trustees, the cost of investments made at the year end was Rs. 25.769 million (2016: Rs. 26.643 million), 98.82% of the total fund size (2016: 99.02%). Since the aforementioned funds are invested in PLS accounts therefore, the fair value of the investments equals its cost.

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

21 Deferred taxation - net

Deferred tax liability on taxable temporary differences

- Accelerated tax depreciation allowance

Deferred tax asset on deductible temporary differences

- Defined benefit obligation
- Liabilities against assets subject to finance lease

	2017	2016
	(Rupees '000)	(Rupees '000)
	268,983	280,839
	(561)	-
	(984)	(1,292)
	<u>267,438</u>	<u>279,547</u>

Notes to the Financial Statements

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	Note	2017 (Rupees '000)	2016 (Rupees '000)
22			
Liabilities against assets subject to finance lease			
Minimum lease payments			
- payable within one year		1,205	1,205
- payable after one year but before five years		2,445	3,760
		3,650	4,965
Future financial charges			
- payable within one year		196	269
- payable after one year but before five years		173	389
		369	658
Present value of minimum lease payments			
- payable within one year		1,009	936
- payable after one year but before five years		2,272	3,371
		3,281	4,307
Current portion shown under current liabilities	25	(1,009)	(936)
Non-current portion		2,272	3,371

22.1 Future minimum lease payments have been discounted at implicit interest rates ranging from of 7.50% to 11.50% (2016: 7.74% to 11.44%) per annum to arrive at their present values. Rentals are payable in advance in monthly instalments. Taxes, repairs, replacements and insurance costs are to be borne by the Company. The lease contains a bargain purchase option exercisable at the end of lease and it is reasonably certain than the Company will exercise this option at maturity.

	Note	2017 (Rupees '000)	2016 (Rupees '000)
23			
Trade and other payables			
Creditors		776,767	751,131
Due to associated companies	23.1	-	576
Accrued liabilities		69,989	77,948
Advances from customers		12,633	34,494
Retention money		489	901
Payable to provident fund		307	264
Income tax deducted at source		437	442
Workers' profit participation fund	23.2	7,508	7,508
Unclaimed dividend		1,111	1,111
Other payables		1,091	397
		870,332	874,772

23.1 Due to associated companies
These are in the normal course of business and are interest free.

	2017 (Rupees '000)	2016 (Rupees '000)
23.2		
Workers' profit participation fund		
Balance at the beginning of the year	7,508	7,508
Add: Allocation for the year	-	-
Less: Amount paid to the trustees of the fund	-	-
Balance at the end of the year	7,508	7,508



Notes to the Financial Statements

as at 30 June 2017

	Note	2017 (Rupees '000)	2016 (Rupees '000)
24 Short-term borrowings			
From banking companies - secured			
Running finances under mark-up arrangements from banks	24.1 & 24.2	1,499,800	1,285,057
From related party - unsecured			
Interest free loan	24.3	340,000	458,000
		<u>1,839,800</u>	<u>1,743,057</u>

24.1 The aggregate finance facilities available from various commercial banks amounted to Rs. 1,681.242 million (2016: Rs. 1,681.242 million). These carry mark-up at the rates ranging from 6.44% to 7.14% (2016: 6.84% to 9.18%) p.a. and are secured against hypothecation charge on current assets of Rs. 2,089.265 million (2016: Rs. 1,901.765 million) and promissory notes of Rs. 1,690.100 million (2016: Rs. 1,690.100 million) respectively. Maximum amount utilised during the year ended 30 June 2017 amounted to Rs. 1,499.800 million (2016: Rs. 1,667.132 million).

24.2 The facilities for opening letter of credit from various commercial banks as at 30 June 2017 aggregates to Rs. 1,914.060 million (2016: Rs. 1,914.060 million) of which the amount remained unutilised at the year-end was Rs. 859.787 million (2016: Rs. 876.879 million).

24.3 The Company availed interest free and unsecured loan from Alnu Trust holding 17.83% (2016: 17.83%) of the total share capital of the Company. During the year, loan amounting to Rs. 77 million (2016: Rs. 536 million) has been obtained and Rs. 195 million (2016: Rs. 78 million) has been repaid. Maximum amount utilised during the year ended 30 June 2017 amounted to Rs. 340 million (2016: Rs. 487 million). The loan is repayable on demand by the trust.

	Note	2017 (Rupees '000)	2016 (Rupees '000)
25 Current portion of long-term borrowings			
Long-term financing	19	61,293	61,293
Liabilities against assets subject to finance lease	22	1,009	936
		<u>62,302</u>	<u>62,229</u>

26 Contingencies and commitments

26.1 Contingencies:

26.1.1 Guarantees issued to different organizations in the normal course of business amounted to Rs. 81.314 million (2016: Rs. 81.314 million).

26.1.2 No outstanding guarantees were given on behalf of related parties as at 30 June 2017 and 2016.

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

26.2 Commitments:

26.2.1 Contracts for capital expenditure commitments outstanding as at 30 June 2017 amounted to Rs. 255.432 million (2016: Rs. 107.967 million).

26.2.2 Commitments against irrevocable letters of credit as at 30 June 2017 amounted to Rs. 1,054.272 million (2016: Rs. 1,037.181 million).

Notes to the Financial Statements

for the year ended 30 June 2017

	Note	2017 (Rupees '000)	2016 (Rupees '000)
27 Sales			
Gross sales - local		5,040,040	5,053,588
Less:			
- Commission / discount		(13,020)	(14,562)
- Sales Tax		(1,619)	(148,985)
		(14,639)	(163,547)
		5,025,401	4,890,041
28 Cost of goods sold			
Raw and packing materials consumed		3,887,087	3,750,664
Stores and spares consumed		60,111	67,924
Salaries, wages and amenities	28.1	267,084	245,121
Fuel and power		523,812	536,146
Repair and maintenance		26,365	35,096
Running and maintenance of vehicles		13,639	12,752
Insurance		17,417	15,369
Depreciation	5.2	139,639	149,198
Rent, rates and taxes		1,906	1,559
Other expenses		1,523	1,742
Manufacturing cost		4,938,583	4,815,571
Add: Opening Work-in-Process		22,059	37,713
Less: Closing Work-in-Process		(29,981)	(22,059)
Cost of goods manufactured		4,930,661	4,831,225
Add: Opening Finished Goods		271,451	409,401
Less: Closing Finished Goods		(314,414)	(271,451)
		4,887,698	4,969,175

28.1 Salaries, wages and amenities include Rs. 17.009 million (2016: Rs. 13.827 million) in respect of staff retirement benefits and Rs. 0.569 million (2016: Rs 0.643 million) in respect of provident fund contribution.



Notes to the Financial Statements

for the year ended 30 June 2017

	Note	2017 (Rupees '000)	2016 (Rupees '000)
29 Selling and distribution expenses			
Salaries, wages and amenities	29.1	5,357	4,338
Rent, rates and taxes		348	181
Electricity, gas and water charges		192	208
Postage, telephone and fax		92	100
Printing and stationery		99	173
Books and subscription		47	73
Running and maintenance of vehicles		90	69
Repair and maintenance		121	210
Travelling expenses		180	155
Entertainment		78	62
Insurance		42	42
Depreciation	5.2	854	773
Freight and forwarding		5,216	6,693
Sales promotion expenses		10	-
		12,726	13,077

29.1 Salaries, wages and amenities include Rs. 0.446 million (2016: Rs. 0.385 million) in respect of staff retirement benefits and Rs 0.042 million (2016: Rs 0.037 million) in respect of provident fund contribution.

	Note	2017 (Rupees '000)	2016 (Rupees '000)
30 Administrative and general expenses			
Salaries, wages and amenities	30.1	101,787	93,523
Director's remuneration		5,729	5,735
Rent, rates and taxes		6,615	3,430
Electricity, gas and water charges		3,641	3,954
Postage, telephone and fax		1,739	1,902
Printing and stationery		1,888	3,278
Books and subscription		886	1,388
Running and maintenance of vehicles		1,717	1,309
Repair and maintenance		2,295	3,992
Legal and professional charges		2,457	2,325
Travelling expenses		3,423	2,954
Entertainment		1,482	1,186
Auditors' remuneration	30.2	850	850
Insurance		801	808
Advertisement		1,370	738
Depreciation	5.2	16,231	14,683
Bad debts		-	-
Miscellaneous expenses		714	307
		153,625	142,362



Notes to the Financial Statements

for the year ended 30 June 2017

30.1 Salaries, wages and amenities include Rs. 8.466 million (2016: Rs. 7.319 million) in respect of staff retirement benefits and Rs. 0.791 million (2016: Rs. 0.708 million) in respect of provident fund contribution.

	Note	2017 (Rupees '000)	2016 (Rupees '000)
30.2 Auditors' remuneration			
Audit fee		525	525
Certification and review		85	85
Taxation services		240	240
		850	850
31 Other charges			
Charity and donation	31.1	9,300	1,860
Exchange loss		-	61
		9,300	1,921
31.1			
None of the directors and their spouses had any interest in donee institution.			
32 Other income			
Income from financial assets			
Mark-up / Interest income	32.1	1,223	1,909
Income from non-financial assets			
Scrap, waste and other sales - net	32.2	26,606	22,668
Remission of liabilities		706	405
Profit on disposal of operating fixed assets	5.3	-	705
Gain on remeasurement of fair value of investment property	6	-	75,000
Misc. income		29	-
		27,341	98,778
		28,564	100,687
32.1 Mark-up / Interest income			
Interest income from banks		934	1,647
Mark-up income on:			
- Staff loans		289	262
		1,223	1,909
32.2 Scrap, waste and other sales - net			
Gross sales		29,918	24,887
Less: Sales tax		(3,312)	(2,219)
		26,606	22,668



Notes to the Financial Statements

for the year ended 30 June 2017

	Note	2017 (Rupees '000)	2016 (Rupees '000)
33 Finance cost			
Mark-up on long-term financing		18,870	20,120
Mark-up on short-term borrowings		93,844	113,549
Mark-up on liabilities against assets subject to finance lease		287	399
Bank commission and other charges		679	1,044
		113,680	135,112
34 Taxation			
Current			
- for the year	34.1	43,937	48,900
- prior years		(35,369)	-
		8,568	48,900
Deferred			
Origination and reversal of temporary differences		(11,549)	(11,950)
Unutilised tax losses		-	25,609
Impact of change in tax rate		-	-
		(11,549)	13,659
		(2,981)	62,559

34.1 This represents minimum tax at the rate of 1% of the turnover in accordance with section 113 of the Income Tax Ordinance, 2001 ("the Ordinance").

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

		2017 %	2016 %
Applicable tax rate	34.2.1	31.00	32.00
Tax effect of:			
- Change in deferred tax liability		9.38	4.41
- Change in statutory tax rate	34.2.2	-	-
- Minimum turnover tax		(35.70)	(18.05)
- Unutilised tax losses		-	(9.45)
- prior year adjustment		28.74	-
- Others		(31.00)	(32.00)
		(28.58)	(55.09)
Average effective tax rate		2.42	(23.09)

34.2.1 Applicable income tax rate was reduced from 32% to 31% for the year on account of changes made to Income Tax Ordinance, 2001.

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

Notes to the Financial Statements

for the year ended 30 June 2017

35	Loss per share	Note	2017	2016
	35.1 Loss per share - basic			
	Loss for the year after taxation attributable to ordinary shareholders (Rupees in thousand)		(120,083)	(333,478)
	Weighted average ordinary shares in issue during the year (No. of shares)	16	34,068,514	34,068,514
	Basic earnings per share (Rupees)		(3.52)	(9.79)
	35.2 Loss per share - diluted			
	There is no dilutive potential ordinary shares outstanding as at 30 June 2017 and 2016.			

36	Cash (used in) / generated from operations	Note	2017	2016
			(Rupees '000)	(Rupees '000)
	Loss before taxation		(123,064)	(270,919)
	Adjustments for non-cash and other items			
	Depreciation	5.2	156,724	164,654
	Profit on disposal of property, plant and equipment	5.3	-	(705)
	Gain on remeasurement of fair value of investment property	6	-	(75,000)
	Provision for staff retirement benefits	20.1	25,921	21,531
	Exchange loss	31	-	61
	Remission of liabilities	32	(706)	(405)
	Profit / mark-up on bank deposits	32.1	(934)	(1,909)
	Finance cost	33	113,680	135,112
			294,685	243,339
			171,621	(27,580)
	Effect on cash flow due to working capital changes			
	(Increase) / Decrease in current assets			
	Stores, spares and loose tools		(67,966)	(20,627)
	Stock-in-trade		(194,025)	192,682
	Trade debts		8,620	(8,529)
	Loans and advances		(15,125)	7,464
	Trade deposits and short term prepayments		3,137	1,100
	Other receivables		71,339	(91,350)
			(194,020)	80,740
	Decrease in current liabilities			
	Trade and other payables		(3,734)	(52,441)
	Cash (used in) / generated from operations		(26,133)	719



Notes to the Financial Statements

for the year ended 30 June 2017

37 Financial risk management

37.1 Financial risk factors

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

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

(a) Market risk

(i) Currency risk

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

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

5% strengthening of Pak rupee against the following currencies at 30 June 2017 would have decreased the equity and profit or loss by the amount shown below. The analysis assumes that all other variables, in particular interest rates, remain constant.

	Rupees '000	Rupees '000
	Equity	Profit or (Loss)
US Dollar	(2,737)	(3,966)
Japanese Yen	79	115
Euro	24	35

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

(ii) Interest rate risk

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

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

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

	2017	2016
	(Rupees '000)	(Rupees '000)
Fixed rate instruments		
Financial assets		
Loan against instalments	1,969	1,760
Financial liabilities	(3,281)	(4,307)
Net exposure	(1,312)	(2,547)



Notes to the Financial Statements

for the year ended 30 June 2017

	2017	2016
	(Rupees '000)	(Rupees '000)
Floating rate instruments		
Financial assets		
Bank balances - savings accounts	58,317	247,811
Financial liabilities		
Long-term financing	(245,172)	(306,465)
Short-term borrowings	(1,839,800)	(1,743,057)
Net exposure	(2,026,655)	(1,801,711)

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates on variable rate financial instruments, at the year end date, fluctuates by 1% higher / lower, with all other variables held constant, post tax loss for the year would have been Rs. 0.771 million (2016: Rs. 0.904 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate instruments.

(iii) Other price risk

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

(b) Credit risk

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

(i) Exposure to credit risk

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

	2017	2016
	(Rupees '000)	(Rupees '000)
Trade debts	1,461	10,081
Advances, deposits and other receivables	515,645	574,961
Bank balances	62,920	250,628
	580,026	835,670

There is no impairment loss of trade receivables as at June 30, 2017 and 2016.

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



Notes to the Financial Statements

for the year ended 30 June 2017

(ii) Credit quality of major financial assets

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

	Rating		Rating Agency	2017	2016
	Short term	Long term		(Rupees '000)	(Rupees '000)
Efu General Life Insurance Limited	-	AA+	PACRA	727	692
Habib Bank Limited	A1+	AAA	PACRA	271	142
National Bank of Pakistan	A1+	AA+	PACRA	6	6
Bank Al-Habib Limited	A1+	AA+	PACRA	29	29
Soneri Bank Limited	AA-	A1+	PACRA	58,318	247,810
				59,351	248,679

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

(c) Liquidity risk

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

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

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

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

At 30 June 2017	Carrying amount	Less than one year	One to five years	More than five years
	(Rupees '000)			
Long-term financing	245,172	61,293	183,879	-
Short-term borrowings	1,839,800	1,839,800	-	-
Trade and other payables	870,332	870,332	-	-
	2,955,304	2,771,425	183,879	-

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



Notes to the Financial Statements

for the year ended 30 June 2017

37.2 Fair value estimation

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

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

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

	2017	2016
	(Rupees '000)	(Rupees '000)
37.3 Financial instruments by categories		
(a) Loans and receivables at amortised cost		
Assets as per balance sheet		
Trade debts	1,461	10,081
Advances, deposits and other receivables	515,645	574,961
Cash and bank balances	62,920	250,628
	580,026	835,670
(b) Financial liabilities at amortised cost		
Liabilities as per balance sheet		
Long-term financing	245,172	306,465
Trade and other payables	870,332	874,772
Short-term borrowings	1,839,800	1,743,057
Accrued mark-up	27,287	24,800
	2,982,591	2,949,094

37.4 Fair values of financial assets and liabilities

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

37.5 Capital risk management

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

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

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

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

The gearing ratio of the Company is as follows:

	2017	2016
	(Rupees '000)	(Rupees '000)
Long-term financing - note 19	183,879	245,172
Total equity	618,018	739,411
Total capital	801,897	984,583
Gearing ratio	0.229	0.249



Notes to the Financial Statements

for the year ended 30 June 2017

38 Remuneration of directors and executives

The aggregate amount charged in the financial statements for remuneration including all benefits to the Chief Executive, Directors and the Executives of the Company are as follows:

	Rupees in thousand					
	Chief Executive		Directors		Executives	
	2017	2016	2017	2016	2017	2016
Managerial remuneration	-	-	3,699	3,709	40,353	40,734
House rent	-	-	1,110	1,113	12,106	12,220
Utilities	-	-	370	371	4,029	4,171
Medical expenses	-	-	370	371	4,029	4,073
Retirement benefits	-	-	-	-	384	588
Others	-	-	181	171	713	1,390
	-	-	5,730	5,735	61,614	63,176
Number of person(s)	1	1	1	1	32	41

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

38.2 No remuneration has been paid to executive and non-executive directors for attending company meetings during the year ended 30 June 2017 and 2016.

39 Transactions with related parties

The related parties comprises Associated Undertakings, Other Related Group Companies, Directors of the Company, Key Management Personnel and Defined Contribution Plan (Provident Fund). The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to the related parties are shown under receivables and payables, amounts due from key management personnel are shown under receivables and remuneration of directors and key management personnel is disclosed in (note 38). Other significant transactions with the related parties are as follows:

39.1 Details of transaction with related parties

Name	Nature of Relationship	Nature of Transactions	2017	2016
			(Rupees '000)	(Rupees '000)
Rupafil Limited	Associated undertaking	- Sales of goods and services	904,943	621,711
		- Purchase of goods and services	153,089	219,023
Rupali Nylon (Pvt.) Limited	Associated undertaking	- Sales of goods and services	-	-
		- Purchase of goods and services	4,633	5,327
Soneri Bank Limited	Associated undertaking	- Profit on Bank Deposits	934	1,372
Spintex Limited	Related party	- Sales of goods and services	-	-
		- Purchase of goods and services	23	12
Provident Fund Trust	Defined contribution plan	- Contribution to Provident Fund	1,315	1,388
Alnu Trust	Related party	- Short-term borrowings	-	458,000

Notes to the Financial Statements

for the year ended 30 June 2017

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.

	2017 (Rupees '000)	2016 (Rupees '000)
39.2 Amount due from / (outstanding to) related parties		
Rupafil Limited		
- Sale of goods and services	1.2	-
- Purchase of goods and services		(576)
Rupali Nylon (Pvt.) Limited		
- Sale of goods and services	-	-
- Purchase of goods and services	-	-
Spintex Limited		
- Sale of goods and services	41,943	41,942
- Purchase of goods and services	-	-
Rupafil PowerGen (Pvt.) Limited		
- Sale of goods and services	31	31
- Purchase of goods and services	-	-

	2017 (M. Tons)	2016 (M. Tons)
40 Plant capacity and actual production		
Annual capacity (in three shifts)		
- Yarn	10,100	10,100
- Fibre	12,000	12,000
Actual production		
- Yarn	7,794	7,780
- Fibre	23,387	24,171

	2017 (Nos.)	2016 (Nos.)
41 Number of employees		
Total number of employees at the end of the year	1230	1198
Average number of employees for the year	1221	1215

42 Date of authorization for issue

These financial statements were authorized for issue on 21 September 2017 by the Board of Directors of the Company.

43 Corresponding figures

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant reclassifications in these financial statements have been made.

44 General

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


Nooruddin Feerasta
Chief Executive Officer


Muhammad Rashid Zahir
Director



Pattern of Shareholding

as at 30 June 2017

Number of Shareholders	Shareholding			Total Shares Held
	From		To	
196	1	-	100	6,306
99	101	-	500	30,880
78	501	-	1000	55,281
93	1001	-	5000	235,829
29	5001	-	10000	219,483
8	10001	-	15000	105,785
3	15001	-	20000	60,000
4	20001	-	25000	91,689
3	25001	-	30000	86,500
2	30001	-	35000	63,500
1	35001	-	40000	40,000
1	45001	-	50000	50,000
1	50001	-	55000	53,000
3	110001	-	115000	344,000
1	145001	-	150000	146,482
1	205001	-	210000	209,490
1	225001	-	230000	230,000
1	285001	-	290000	286,000
1	295001	-	300000	300,000
1	325001	-	330000	326,662
1	330001	-	335000	335,000
1	350001	-	355000	352,811
1	360001	-	365000	363,500
1	455001	-	460000	456,661
1	470001	-	475000	472,022
1	480001	-	485000	483,918
1	485001	-	490000	488,010
1	580001	-	585000	584,500
1	815001	-	820000	816,483
1	2240001	-	2245000	2,240,641
1	3830001	-	3835000	3,834,290
1	8515001	-	8520000	8,519,800
1	12175001	-	12180000	12,179,991
540		TOTAL		34,068,514

Pattern of Shareholding

as at 30 June 2017

Categories of Shareholders	Number	Shares Held	Percentage
Individuals	515	4,507,502	13.23
Joint Stock Companies	0	0	0.00
Investment Companies	0	0	0.00
Directors, Chief Executive Officer and their Spouses and minor Children	9	996,423	2.90
Mr. Nooruddin Feerasta		500	0.00
Mr. Muhammad Rashid Zahir		500	0.00
Mr. Muhammad Ali Sayani		488,010	1.43
Mr. Sultan Ali Rajwany		21,345	0.06
Mr. Shehzad Feerasta		90	0.00
Mr. Zeeshan Feerasta		10	0.00
Mr. Abdul Hayee		1,150	0.00
Mrs. Roshan Ara Sayani w/o Mr. Muhammad Ali Sayani		483,918	1.42
Mrs. Amyna N. Feerasta w/o Mr. Nooruddin Feerasta		500	0.00
Total:		996,423	2.91
Executives			
National Bank of Pakistan, Trustee Deptt.	5	1,553,505	4.56
Investment Corporation of Pakistan	1	200	0.00
Associated Companies, undertakings and related parties			
Public Sector Companies and Corporations			
Banks, DFIs, NBFIs, Insurance Companies, Modaraba & Mutual Funds	6	236,162	0.69
Foreign Investors	1	8,519,800	25.01
Co-operative Societies	0	0	0.00
Trusts	3	18,254,922	53.58
Others			
Total:	540	34,068,514	100.00



Pattern of Shareholding

as at 30 June 2017

SHAREHOLDERS HOLDING FIVE PERCENT OR MORE VOTING INTEREST IN THE COMPANY

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

Trading in Shares During 2016-17:

Directors, CEO, CFO and Company Secretary

made no sale/purchase of shares during the year

Proxy Form 37th Annual General Meeting

I / We _____ of

_____ being member(s) of RUPALI POLYESTER LIMITED

and holder of _____ Ordinary Shares. _____

Register Folio No. _____

CDC participant I.D. No: _____ Sub-Account No: _____

CNIC No: _____ or Passport No: _____

hereby appoint _____ of _____ or failing him / her

_____ of _____ who is / are also member(s) of

RUPALI POLYESTER LIMITED as my / our proxy to attend and vote for me / on our behalf at the 37th Annual General Meeting of the Company to be held on 27 October 2017 or at any adjournment thereof.



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

Dated this ___ day of October 2017

Signature of Shareholder _____

Signature of Proxy _____

1. WITNESS

2. WITNESS

Signature: _____

Signature: _____

Name: _____

Name: _____

Address: _____

Address: _____

CNIC No: _____


CNIC No: _____

or Passport No: _____

or Passport No: _____

IMPORTANT:

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



The Company Secretary

Rupali Polyester Limited

Rupali House,

241-242 Upper Mall Scheme, Anand Road,

Lahore - 54000

AFFIX
CORRECT
POSTAGE

پراکسی فارم

سینتسواں سالانہ اجلاس عام

میں / ہم روپالی پولیستر لمیٹڈ کے زیر دستخطی ممبر (ز) ہوں / ہیں اور میرے / ہمارے پاس _____
_____ عمومی حصص کی ملکیت ہے، میں / ہم، محترم / محترمہ _____
_____ یا ایسا نہ ہونے کی صورت میں ان کی جگہ محترم / محترمہ _____
_____ کو بطور کمپنی ممبر اپنی جگہ کمپنی کے سالانہ عام اجلاس منعقدہ، بمقام کمپنی کے رجسٹرڈ دفتر روپالی ہاؤس،
241-242 اپریل مال سکیم آئمنڈ روڈ لاہور بتاریخ 27 اکتوبر 2017 میری / ہماری جگہ بطور پراکسی شرکت کرنے، ووٹ دینے کی
اجازت دیتا ہوں / دیتی ہوں۔

درست رقم کی
ٹکٹ چسپاں کریں

گواہان:

1 دستخط: _____
نام: _____
پتہ: _____
سی این آئی سی یا پاسپورٹ نمبر: _____
2 دستخط: _____
نام: _____
پتہ: _____
سی این آئی سی یا پاسپورٹ نمبر: _____

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

درست رقم کی
ٹکٹ چسپاں کریں

کمپنی سیکرٹری
روپالی پولیسٹر لمیٹڈ

روپالی ہاؤس

241-242 اپر مال سکیم، آئنڈروڈ،

لاہور-54000



Rupali

Rupali Polyester Limited
www.rupaligroup.com