

Quarterly Accounts (Un-audited)  
for the 1st Quarter ended  
30 September 2013



**Rupali**  
**Rupali**  
**Polyester**  
**Limited**

# Corporate Data

## Board of Directors

### Chairman

Jafferali M. Feerasta - Non-Executive

### Chief Executive Officer

Nooruddin Feerasta - Executive

### Directors

Muhammad Rashid Zahir - Non-Executive

Muhammad Ali H. Sayani - Non-Executive

Sultan Ali Rajwany - Non-Executive

Amin A. Feerasta - Non-Executive

Abdul Hayee - Executive

### Committees of Board of Directors

#### **Audit Committee**

Sultan Ali Rajwany - Chairman

Muhammad Rashid Zahir - Member

Amin A. Feerasta - Member

#### **Human Resource & Remuneration Committee**

Jafferali M. Feerasta - Chairman

Nooruddin Feerasta - Member

Amin A. Feerasta - Member

### Chief Financial Officer

Ayub Saqib

### Company Secretary

S. Ghulam Shabbir Gilani

### Bankers

Bank Alfalah Limited

Bank Al-Habib Limited

Citibank, N.A.

Faysal Bank Limited

Habib Bank Ltd

MCB Bank Limited

NIB Bank Limited

Soneri Bank Limited

### Auditors

Qavi & Co.

Chartered Accountants

### Registered Office

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

### Plant

30.2 Kilometer Lahore - Sheikhpura Road  
Sheikhpura - 39350 PAKISTAN

## Directors' Review

On behalf of the Board of Directors I am pleased to present before you the un-audited financial statements of the Company for the first quarter ended 30 September 2013.

### Financial Results

During the quarter under review the Company sustained gross loss of Rs.72 million against gross profit of Rs.5 million in the same quarter of the last year. The factors underlining this unfortunate situation are the acute energy shortages, high raw material prices in this quarter, overall sluggishness in economy and deteriorating law and order conditions in the country. The Company achieved sales revenue of Rs.1,663 million in the quarter July-September 2013 compared to Rs.1,497 million in the corresponding period of the last year. The increase in sales failed to improve margins due to predominance of factors explained aforesaid. The decline in profitability was exacerbated by the decrease in sales volume and revenue of Polyester Filament Yarn. The prices of our basic raw materials remained very high during Q1 of 2013 compared to the same quarter of 2012. Fuel and power costs witnessed exorbitant increase because of the costly furnace oil consumed for in-house power generation.

Administrative and general expenses during the quarter ended 30 September 2013 remained under control and comparable with the same quarter of the last year. The Company posted a before-tax loss of Rs.116 million and after-tax loss of Rs.133 million as against Rs.34 million and Rs.42 million respectively in the same quarter of 2012. The cost-push inflation resulting from depreciation of Pak Rupee against US Dollar and other major foreign currencies also contributed to this plunge.

### Future Outlook

Inflation is rising and adversely affecting the economic growth in industrial sector of the country. Private sector investment is premised on a forward looking approach. Recent increase in electricity and gas tariffs has negatively impacted the industrial production and investment climate. The increasing trend of raw material prices may further increase our manufacturing cost and financial results in coming quarter may be under pressure.

The Management is working hard to achieve steady growth to transform the Company's production facility into an operationally sound and economically sustainable manufacturing unit. It has worked out a comprehensive plan to meet energy needs through cheaper sources to reduce energy cost and improve margins. We expect our continued growth momentum to enable us achieve growth together with an improvement in margins.

We are thankful to our valued customers, stakeholders and DFI's and commercial banks for their confidence in the Company. We also appreciate continued hard work by the management and staff of the Company.

On behalf of the Board

Jafferli M. Feerasta  
Chairman

Lahore

23 October 2013

## Condensed Interim Balance Sheet (Un-audited)

as at 30 September 2013

30 Sep. 2013      30 June 2013  
Un-Audited      Audited  
Rupees in thousand

### EQUITY AND LIABILITIES

#### SHARE CAPITAL AND RESERVES

Authorized Share Capital 35,000,000 (30 June 2013: 35,000,000) Ordinary Shares of Rs. 10 each	350,000	350,000
Issued, Subscribed and Paid-up Capital 34,068,514 (30 June 2013: 34,068,514) Ordinary Shares of Rs. 10 each	340,685	340,685
Capital Reserve	71,490	71,490
Revenue Reserves	1,664,125	1,664,125
(Accumulated Loss) / Unappropriated Profit	(343,257)	(210,227)
	1,733,043	1,866,073

#### NON-CURRENT LIABILITIES

Staff Retirement Benefits - Gratuity	80,175	80,175
Deferred Taxation	330,991	330,991

#### CURRENT LIABILITIES

Trade and Other Payables	860,635	446,153
Short Term Borrowings	784,575	933,967
Accrued Mark-up	14,966	13,341
	1,660,176	1,393,461

#### CONTINGENCIES AND COMMITMENTS

-	-
3,804,385	3,670,700

### ASSETS

#### NON-CURRENT ASSETS

Property, Plant and Equipment Operating Fixed Assets	1,505,327	1,540,900
Capital Work-in-Progress	21,348	37,110
	1,526,675	1,578,010
Long Term Deposits	4,281	4,281
	1,530,956	1,582,291

#### CURRENT ASSETS

Stores, Spares and Loose Tools	849,927	792,495
Stock-in-Trade	911,181	862,427
Trade Debts	61,907	8,162
Loans and Advances	20,845	30,410
Trade Deposits and Short Term Prepayments	2,535	3,105
Other Receivables	304,156	255,328
Taxation - Net	111,011	124,325
Cash and Bank Balances	11,867	12,157
	2,273,429	2,088,409
	3,804,385	3,670,700

The annexed notes 1 to 7 form an integral part of these condensed interim financial statements.

Jafferali M. Feerasta  
Chairman

Nooruddin Feerasta  
Chief Executive Officer

## Condensed Interim Profit and Loss Account (Un-audited)

for the quarter ended 30 September 2013

	Quarter Ended		Quarter Ended	
	Sep. 2013	Sep. 2013	Sep. 2012	Sep. 2012
Rupees in thousand				
Sales	1,662,782	1,662,782	1,497,185	1,497,185
Cost of Goods Sold	(1,735,209)	(1,735,209)	(1,492,438)	(1,492,438)
<b>Gross (Loss) / Profit</b>	(72,427)	(72,427)	4,747	4,747
Selling and Distribution Expenses	(2,789)	(2,789)	(3,395)	(3,395)
Administrative and General Expenses	(29,862)	(29,862)	(28,649)	(28,649)
Other Operating Charges	-	-	(88)	(88)
	(32,651)	(32,651)	(32,132)	(32,132)
Other Operating Income	10,117	10,117	14,626	14,626
Operating (Loss)	(94,961)	(94,961)	(12,759)	(12,759)
Finance Costs	(21,441)	(21,441)	(21,709)	(21,709)
<b>(Loss) before Taxation</b>	(116,402)	(116,402)	(34,468)	(34,468)
Taxation	(16,628)	(16,628)	(7,486)	(7,486)
<b>(Loss) after Taxation</b>	(133,030)	(133,030)	(41,954)	(41,954)
----- Rupees -----				
Earnings Per Share-Basic and Diluted	(3.90)	(3.90)	(1.23)	(1.23)

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

The annexed notes 1 to 7 form an integral part of these condensed interim financial statements.

Jafferali M. Feerasta  
Chairman

Nooruddin Feerasta  
Chief Executive Officer

## Condensed Interim Statement of Comprehensive Income (Un-audited)

for the quarter ended 30 September 2013

	Quarter Ended		Quarter Ended	
	Sep. 2013	Sep. 2013	Sep. 2012	Sep. 2012
	Rupees in thousand			
(Loss) after Taxation	(133,030)	(133,030)	(41,954)	(41,954)
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	<u>(133,030)</u>	<u>(133,030)</u>	<u>(41,954)</u>	<u>(41,954)</u>

The annexed notes 1 to 7 form an integral part of these condensed interim financial statements.

Jafferali M. Feerasta  
Chairman

Nooruddin Feerasta  
Chief Executive Officer

# Condensed Interim Cash Flow Statement (Un-audited)

for the quarter ended 30 September 2013

Quarter Ended  
Sep. 2013      Sep. 2012  
Rupees in thousand

## CASH FLOW FROM OPERATING ACTIVITIES

(Loss) Before Taxation (116,402) (34,468)

### Add / (Less):

#### Adjustment for Non Cash Charges and Other Items:

Depreciation	35,576	30,692
Amortization of Short Term Prepayments	2,840	2,603
Staff Retirement Benefits - Gratuity	2,349	597
Mark-up/Interest Income	(728)	(670)
Loss / (Profit) on Disposal of Operating Fixed Assets	-	(23)
Mark-up on Short Term Borrowings	21,415	20,994
Finance Costs	26	715
	<u>61,478</u>	<u>54,908</u>

#### Effect on Cash Flow Due to Working Capital Changes:

##### (Increase) / Decrease In Current Assets:

Stores, Spares and Loose Tools	(57,431)	109,065
Stock-in-Trade	(48,753)	214,858
Trade Debts	(53,746)	(3,780)
Loans and Advances	9,564	16,391
Trade Deposits and Short Term Prepayments	(2,270)	(2,058)
Other Receivables	(48,828)	10,747
	<u>(201,464)</u>	<u>345,223</u>

##### Increase / (Decrease) In Current Liabilities:

Trade and Other Payables	414,480	(256,713)
	<u>213,016</u>	<u>88,510</u>

#### Cash generated from Operations

Mark-up on Short Term Borrowings and Bank Charges Paid	(19,817)	(18,214)
Income Tax Paid	(3,313)	(6,877)
Mark-up/Interest Received	727	670
Staff Retirement Benefits - Gratuity Paid	(2,349)	(597)
	<u>158,092</u>	<u>108,950</u>

#### Net Cash Inflow from Operating Activities

133,340      83,932

## CASH FLOW FROM INVESTING ACTIVITIES

Fixed Capital Expenditure	15,762	(199,047)
Proceeds from sale of Operating Fixed Assets	-	125

#### Net Cash Inflow / (Outflow) from Investing Activities

15,762      (198,922)

## CASH FLOW FROM FINANCING ACTIVITIES

Dividend Paid	-	-
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#### Net Cash flow from Financing Activities

-      -

#### Net Increase / (Decrease) In Cash and Cash Equivalents

149,102      (114,990)

#### Cash and Cash Equivalents at the Beginning of the Quarter

(921,810)      (564,485)

#### Cash and Cash Equivalents at the End of the Quarter

(772,708)      (679,475)

The annexed notes 1 to 7 form an integral part of these condensed interim financial statements.

Jafferali M. Feerasta  
Chairman

Nooruddin Feerasta  
Chief Executive Officer

## Condensed Interim Statement of Changes in Equity (Un-audited)

for the quarter ended 30 September 2013

Rupees in thousand

	Issued Subscribed and Paid - up Capital	Capital Reserve	Revenue Reserves		Total Reserves	Total Equity
		Share Premium	General Reserve	Un- appropriated Profit/(Accu- mulated Loss)		
<b>Balance as on 01 July 2012 - (restated)</b>	340,685	71,490	1,664,125	259,657	1,995,272	2,335,957
Final Dividend for the year ended 30 June 2012 @ 10%	-	-	-	(34,069)	(34,069)	(34,069)
Net (Loss) for 1st Quarter ended 30 Sep 2012	-	-	-	(41,954)	(41,954)	(41,954)
<b>Balance as on 30 September 2012 (restated)</b>	340,685	71,490	1,664,125	183,634	1,919,249	2,259,934
<b>Balance as on 01 October 2012</b>	340,685	71,490	1,664,125	183,634	1,919,249	2,259,934
Net (Loss) for last 3 Quarters ended 30 June 2013	-	-	-	(394,646)	(394,646)	(394,646)
Other comprehensive income for the year ended 30 June 2013	-	-	-	785	785	785
Net (Loss) for 1st Quarter ended 30 Sep 2013	-	-	-	(133,030)	(133,030)	(133,030)
<b>Balance as on 30 September 2013</b>	340,685	71,490	1,664,125	(343,257)	1,392,358	1,733,043

The annexed notes 1 to 7 form an integral part of these condensed interim financial statements.

Jafferli M. Feerasta  
Chairman

Nooruddin Feerasta  
Chief Executive Officer



# Notes to the Condensed Interim Financial Statements (Un-audited)

for the quarter ended 30 September 2013

## 1 LEGAL STATUS AND NATURE OF BUSINESS

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

## 2 BASIS OF PREPARATION

This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of International Accounting Standards (IAS) 34 - "Interim Financial Reporting" and provisions of any directive issued under the Companies Ordinance, 1984. In case where the requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information does not include all the information required for annual financial statements and, therefore, should be read in conjunction with the annual financial statements for the year ended 30 June 2013.

## 3 ACCOUNTING POLICIES

The accounting policies adopted and method of computation followed in the preparation of this condensed interim financial information are the same as those applied in preparation of the preceding annual audited financial statements for the year ended 30 June 2013.

## 4 CONTINGENCIES AND COMMITMENTS

### 4.1 Contingencies:

Guarantees issued to different organizations in the normal course of business amounted to Rs. 66.314 million (30 June 2013: Rs. 66.314 million).

### 4.2 Commitments:

4.2.1 Contracts for Capital Expenditure commitments outstanding as at 30 September 2013 amounted to Rs. 263.928 million (30 June 2013: Rs. 210.821 million).

4.2.2 Commitments against irrevocable letters of credit as at 30 September 2013 amounted to Rs. 738.776 million (30 June 2013: Rs. 364.982 million).

## 5 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise Associated Undertakings, Other Related Group Companies, Directors of the Company, Key Management Personnel and Defined Contribution Plan (Provident Fund). There are no transactions with key management personnel other than under their terms of employment. The Board of Directors have duly ratified the transactions executed with the related parties during the current accounting period.

## 6 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on 23 October 2013 by the Board of Directors of the Company.

## 7 GENERAL

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

Jafferali M. Feerasta  
Chairman

Nooruddin Feerasta  
Chief Executive Officer



**Rupali Polyester Limited**  
[www.rupaligroup.com](http://www.rupaligroup.com)