

Quarterly Accounts (Un-audited)  
for the 3rd Quarter ended  
31 March 2012



**Rupali Polyester Limited**

# Corporate Data

## Board of Directors

Jafferali M. Feerasta  
Chairman

Nooruddin Feerasta  
Chief Executive Officer

Muhammad Rashid Zahir      Muhammad Ali H. Sayani  
Amin A. Feerasta      Abdul Hayee  
Syed Ali Zafar

## Audit Committee

Jafferali M. Feerasta      Muhammad Rashid Zahir  
Chairman      Member

Amin A. Feerasta  
Member / Secretary

## 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 of your Company, I am pleased to present the un-audited financial statements of the Company for the third quarter and nine months period ended 31 March 2012.

### Financial Results

Sales revenue for the quarter ended 31 March 2012 declined to Rs.1,554 million compared to Rs.1,785 million for the same quarter of 2011. Year-to-date sales revenue, however, increased to Rs.4,974 million from Rs.4,697 million in corresponding period 2011. This challenging situation arose because of depressed market and instable sales prices. Downstream demand and market conditions remained subdued in the entire textile chain and we had no option except to reduce sales prices of our products which lowered down our sales in the third quarter.

Gross margin both in the quarter and nine months ended 31 March 2012 tumbled mostly because of high prices of furnace oil and other utilities and inventory losses caused by falling prices of Polyester Filament Yarn and Polyester Staple Fibre especially in the current quarter. Gas and power load shedding compelled us to use highly expensive fuel for power generation which substantially squeezed profit margin. The results for the quarter under review reflect a before-tax loss of Rs.35 million as against profit of Rs.244 million in 2011 and same trend of deterioration is visible in nine months results where profit of Rs.526 million in 2011 dropped to Rs.50 million. After making provision for taxation, a loss of Rs.55 million and Rs.0.61 million was posted respectively in quarter and cumulative period ended 31 March 2012 compared to profits of Rs.156 million and Rs.339 million in same periods last year. As such for the first time in the entire history of Company, the earnings per share showed negative figure of Rs.1.62 and Re.0.02 in respective periods.

### Future Outlook

Financial performance of the Company in the fourth quarter and onward periods would be impacted with energy crises. Continuous undersupply of gas and unplanned WAPDA power outages will be further increasing our power generation costs. Nevertheless, we are dedicated to striving for better achievements by maintaining decent operating performance and cost controls.

On behalf of the Board

Jafferli M. Feerasta  
Chairman

Lahore:  
21 April 2012

## CONDENSED INTERIM BALANCE SHEET

as at 31 March 2012

 31 Mar. 2012  
Un-audited

 30 June 2011  
Audited

Rupees in thousand

### EQUITY AND LIABILITIES

#### SHARE CAPITAL AND RESERVES

Authorised Share Capital 35,000,000 (30 June 2011: 35,000,000) Ordinary Shares of Rs. 10 each	350,000	350,000
Issued, Subscribed and Paid-up Capital 34,068,514 (30 June 2011: 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
Unappropriated Profit	232,516	420,502
	2,308,816	2,496,802

#### NON-CURRENT LIABILITIES

Staff Retirement Benefits - Gratuity	86,591	79,661
Deferred Taxation	250,770	249,592

#### CURRENT LIABILITIES

Trade and Other Payables	1,024,716	1,135,072
Short Term Borrowings	301,521	10,817
Accrued Mark-up	7,510	688
	1,333,747	1,146,577

#### CONTINGENCIES AND COMMITMENTS

	-	-
	3,979,924	3,972,632

### ASSETS

#### NON-CURRENT ASSETS

Property, Plant and Equipment		
Operating Fixed Assets	1,157,238	1,192,889
Capital Work-in-Progress	64,506	26,998
	1,221,744	1,219,887
Long Term Deposits	4,281	4,281
	1,226,025	1,224,168

#### CURRENT ASSETS

Stores, Spares and Loose Tools	803,632	396,737
Stock-in-Trade	1,575,841	1,925,566
Trade Debts - Unsecured	52,615	65,930
Loans and Advances	42,466	30,699
Trade Deposits and Short Term Prepayments	6,923	1,861
Other Receivables	158,435	282,115
Taxation - Net	94,199	35,290
Cash and Bank Balances	19,788	10,266
	2,753,899	2,748,464
	3,979,924	3,972,632

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

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited)**  
**for the nine months ended 31 March 2012**

	Quarter Ended		Nine Months Ended	
	31 Mar. 2012	31 Mar. 2011	31 Mar. 2012	31 Mar. 2011
	Rupees in thousand			
Sales	1,554,067	1,785,153	4,973,629	4,696,851
Cost of Goods Sold	(1,561,855)	(1,507,729)	(4,841,687)	(4,043,810)
Gross Profit	(7,788)	277,424	131,942	653,041
Selling and Distribution Expenses	(3,635)	(3,574)	(11,311)	(10,673)
Administrative and General Expenses	(27,773)	(24,373)	(87,466)	(104,591)
Other Operating Charges	2,244	(18,268)	(4,251)	(40,299)
Other Operating Income	14,122	16,962	47,584	38,611
Operating Profit	(22,830)	248,171	76,498	536,089
Finance Costs	(12,341)	(3,910)	(26,194)	(9,757)
Profit before Taxation	(35,171)	244,261	50,304	526,332
Taxation	(20,053)	(88,587)	(50,913)	(187,280)
Profit after Taxation	(55,224)	155,674	(609)	339,052
	----- Rupee(s) -----			
Earnings Per Share - Basic and Diluted	(1.62)	4.57	(0.02)	9.95

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.

Jafferli M. Feerasta  
Chairman

Nooruddin Feerasta  
Chief Executive Officer

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)  
for the nine months ended 31 March 2012**

	Quarter Ended		Nine Months Ended	
	31 Mar. 2012	31 Mar. 2011	31 Mar. 2012	31 Mar. 2011
Rupees in thousand				
Comprehensive Income for the period	(55,224)	155,674	(609)	339,052
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income for the period</b>	<u>(55,224)</u>	<u>155,674</u>	<u>(609)</u>	<u>339,052</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 nine months ended 31 March 2012

Nine Months Ended  
 31 Mar. 2012                      31 Mar. 2011  
 Rupees in thousand

### CASH FLOW FROM OPERATING ACTIVITIES

Profit Before Taxation	50,304	526,332
Add / (Less):		
Adjustment for Non Cash Charges and Other Items:		
Depreciation	82,229	60,384
Amortization of Prepayments	1,596	447
Staff Retirement Benefits - Gratuity	11,766	8,826
Reversal of Remission of Liabilities	-	164
Loss/(Gain) on Disposal of Operating Fixed Assets	31	(18)
Mark-up/Interest Income	(3,301)	(10,586)
Investment written off	-	31,839
Mark-up on Short Term Borrowings	23,012	5,872
Bank Commission & Other Charges	3,182	3,885
	118,515	100,813
Effect on Cash Flow Due to Working Capital Changes: (Increase) / Decrease In Current Assets:		
Stores, Spares and Loose Tools	(406,895)	(72,272)
Stock-in-Trade	349,725	(1,127,503)
Trade Debts	13,315	(601)
Loans and Advances	(11,767)	(1,722)
Trade Deposits and Short Term Prepayments	(6,658)	(3,332)
Other Receivables	123,680	(25,047)
	61,400	(1,230,477)
Increase / (Decrease) In Current Liabilities: Trade and Other Payables	(110,453)	1,039,189
	(49,053)	(191,288)
Cash generated from Operations	119,766	435,857
Mark-up on Short Term Borrowings and Bank Commission & Other Charges Paid	(19,372)	(9,757)
Income Tax Paid	(108,645)	(93,312)
Mark-up/Interest Income Received	3,302	10,586
Staff Retirement Benefits - Gratuity Paid	(4,837)	(4,768)
Net Cash (Outflow)/Inflow from Operating Activities	(9,786)	338,606
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed Capital Expenditure	(84,170)	(61,760)
Long Term Investments	-	311
Long Term Deposits	-	(96)
Proceeds from Sale of Operating Fixed Assets	54	94
Net Cash Outflow from Investing Activities	(84,116)	(61,451)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend Paid	(187,280)	(136,091)
Net Cash Outflow from Financing Activities	(187,280)	(136,091)
Net (Decrease)/Increase In Cash and Cash Equivalents	(281,182)	141,064
Cash and Cash Equivalents at the Beginning of the Period	(551)	168,314
Cash and Cash Equivalents at the End of the Period	(281,733)	309,378

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

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited) for the nine months ended 31 March 2012

Rupees in thousand

	Issued Subscribed and Paid - up Capital	Capital Reserve	Revenue Reserves		Total Reserves	Total Equity
		Share Premium	General Reserve	Un - appropriated Profit		
Balance as on 30 June 2010 (Audited)	340,685	71,490	1,664,125	224,514	1,960,129	2,300,814
Final Dividend for the year ended 30 June 2010 @ 40%	-	-	-	(136,274)	(136,274)	(136,274)
Total Comprehensive Income for nine months ended 31 March 2011	-	-	-	339,052	339,052	339,052
<b>Balance as on 31 March 2011 (Un-audited)</b>	<b>340,685</b>	<b>71,490</b>	<b>1,664,125</b>	<b>427,292</b>	<b>2,162,907</b>	<b>2,503,592</b>
Total Comprehensive Income for last quarter ended 30 June 2011	-	-	-	(6,790)	(6,790)	(6,790)
<b>Balance as on 30 June 2011 (Audited)</b>	<b>340,685</b>	<b>71,490</b>	<b>1,664,125</b>	<b>420,502</b>	<b>2,156,117</b>	<b>2,496,802</b>
Final Dividend for the year ended 30 June 2011 @ 55%	-	-	-	(187,377)	(187,377)	(187,377)
Total Comprehensive Income for nine months ended 31 March 2012	-	-	-	(609)	(609)	(609)
<b>Balance as on 31 March 2012 (Un-audited)</b>	<b>340,685</b>	<b>71,490</b>	<b>1,664,125</b>	<b>232,516</b>	<b>1,968,131</b>	<b>2,308,816</b>

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



## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited) for the nine months ended 31 March 2012

### 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 2011.

### 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 the preparation of the preceding annual audited financial statements of the Company for the year ended 30 June 2011.

### 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 2011: Rs. 66.314 million).

#### 4.2 Commitments:

4.2.1 Contracts for Capital expenditure commitments outstanding as at 31 March 2012 amounted to Rs. 153.695 million (30 June 2011: Rs. 217.050 million).

4.2.2 Commitments against irrevocable letters of credit as at 31 March 2012 amounted to Rs. 799.399 million (30 June 2011: Rs. 1,283.979 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 21 April 2012 by the Board of Directors of the Company.

### 7. GENERAL

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



**Rupali Polyester Limited**

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