Quarterly Accounts (Un-audited) for the 3rd Quarter ended 31 March 2017

Rupali

Rupali Polyester Limited

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
NIB Bank Limited
Soneri Bank Limited

Auditors

Qavi & Co.

Chartered Accountants

Registered Office

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

Plant

30.2 Kilometer Lahore - Sheikhupura Road
Sheikhupura - 39350 PAKISTAN

Directors' Review

On behalf of the Board of Directors, I am pleased to present the Company's un-audited financial statements for the third quarter and nine months period ended 31 March 2017.

Financial Results

ALHAMDULILLAH we are moving on a sustainable track of growth trajectory and with the Blessings of Allah Almighty, the Company has progressed into positive growth. Despite the challenges of market instability and energy shortages, we have managed to earn gross profit both in the third quarter and nine months period ended 31 March 2017 against the gross loss in the same period last year.

Although the Government reflects on the importance of the textile industry, they have yet to take stringent measures for a positive outlook for a sector which amounts to 60% of Pakistan's GDP. The Ministry of Textile Industry has articulated on the significance of provisioning the domestic textile manufactures, but the Government should consider these issues and take precautionary measure for promoting domestic production and export, while regulating imports. Various types of Polyester Yarn and Fabric are being dumped into Pakistan from China and India, which is causing an adverse impact to economy.

We have approached to The National Tariff Commission (NTC) for imposing an anti-dumping duty on Polyester Filament Yarn (PFY). As already reported in our half-year review, the NTC after completing its preliminary investigation has acknowledged the fact that the domestic industry has suffered material injury on account of increase in volume of dumped imports and price undercutting. This eventually has resulted in a decline in sales, market share and negative return on investment. However, NTC decided not to impose any provisional dumping duties to prevent injury being caused to the ailing domestic industry. Despite the fact of material injury being evident to the Government, it has not yet taken measures to nullify any negative externality brought upon the downstream textile industry. Whereas historically speaking, the Government since 2012 has always taken measures to negate any detrimental impact brought upon by dumped imports to the local markets. Hence, there is a need to immediately impose 10% Regulatory Duty on imports of Polyester Filament Yarn to prevent the total elimination of this sector from Pakistan's GDP. As a result, this impedes the industry to expand because the risk of survival is at stake.

Apart from this, our large sums of funds are lying pending with the Government on account of sales tax refunds. We hope for an early release of refunds in order to help our cash flow as well as promote expansion.

Sales revenue for the nine months ended 31 March 2017 increased to Rs.3,720.087 million from Rs.3,511.584 million in corresponding period of 2015-16. Gross profit amounted to Rs.89.004 million during the nine months period under review as against gross loss of Rs.83.684 million in 2015-16. Operating loss for the nine months ended 31 March 2017 decreased substantially to Rs.20.011 million from Rs.146.752

million in same period last year. Loss before tax for the nine months decreased to Rs.103.516 million from Rs.247.822 million in 2016 and net loss to Rs.133.136 million from Rs.300.155 million in the corresponding nine months period last year.

Sales revenue for third quarter Jan-Mar 2017 (Q3) increased to Rs.1,280.373 million as against Rs.1,211.246 million for the same quarter of the previous year. During Q3 the Company earned gross profit of Rs.42.956 million as against gross loss of Rs.7.264 million in the same quarter of the last year. Operating profit amounted to Rs.7.896 million against operating loss of Rs.38.846 million. Loss before tax decreased to Rs.20.056 million as compared to Rs.72.466 million and net loss to Rs.32.860 million from Rs.104.464 million in same period of last year.

Administrative and general expenses were kept under strict control and remained comparable with corresponding periods of financial year 2015-16.

Future Outlook

The domestic Polyester manufacturers are facing a huge crisis because of dumping from China, Malaysia and India. Our products which fall under PCT Heading 5402.3300, 5402.4600, 5402.4700, 5402.5200, 5402.5900 and 5402.6200 are facing unfair and unjust treatment in respect to protection. We have been pursuing, and have yet to receive a positive conformation with The Federal Board of Revenue and Ministry of Finance that a Regulatory Duty should be enforced to help protect our industry of products falling under PCT Headings as stated above. At one point in time, 85% of the demand for the Polyester industry was facilitated by local demand and only 15% was met from import. Now the situation is totally reversed and more than 78% is met through import, which is a huge burden on our foreign exchange.

We are consistently exploring various options and measures of cost cutting, which include plans to import latest technological machines to produce more cost-intensive Filament Yarn.

We appreciate the patronage and confidence placed in the Company by our stakeholders and commercial banks. We are thankful to our valued customers and expect growing business relationships with them. We also appreciate the continued hard work by the management and staff of the Company.

On behalf of the Board

Nooruddin Feerasta
Chief Executive Officer

Lahore

25 April 2017

۳۱ مارچ ۲۰۱۷ کو ختم ہونے والی سہ ماہی (Q3) میں فروخت آمدنی ۱,۲۸۰.۳۷۳ ملین روپے رہی جو کہ ۲۰۱۶ کی اسی سہ ماہی میں ۱,۲۱۱.۲۴۶ ملین روپے تھی۔ اس سہ ماہی میں ۴۲.۹۵۶ ملین روپے خام منافع ہوا جب کہ پچھلے سال کی اس سہ ماہی میں ۷.۲۶۴ ملین روپے کا خسارہ تھا۔ پچھلے سال کی اس سہ ماہی میں آپریٹنگ خسارہ ۳۸.۸۴۶ ملین روپے تھا جو کہ ۷.۸۹۶ ملین روپے سے منافع میں آ گیا ہے۔ قبل از ٹیکس خسارہ ۲۰۱۶ میں ۷۲.۴۶۶ ملین روپے سے کم ہو کر ۲۰.۰۵۶ ملین روپے رہ گیا اور خالص خسارہ ۱۰۴.۴۶۴ ملین روپے سے کم ہو ۳۲.۸۶۰ ملین روپے رہ گیا ہے۔

انتظامی و عمومی اخراجات مالی سال ۱۶-۲۰۱۵ کی انہی مدتوں میں ہونے والے اخراجات سے مطابقت رکھتے ہیں اور ان پر کڑی نگرانی کی جا رہی ہے۔

مستقبل کا جائزہ

مقامی پولیسٹر بنانے والوں کو چین، ملائشیا اور ہندوستان سے ڈمپ میں ایک بڑے بحران کا سامنا ہے۔ ہماری مصنوعات جو کہ پی سی ٹی کے ان نمبروں ۵۴۰۲.۳۳۰۰، ۵۴۰۲.۴۶۰۰، ۵۴۰۲.۴۷۰۰، ۵۴۰۲.۵۲۰۰، ۵۴۰۲.۵۹۰۰ اور ۵۴۰۲.۶۲۰۰ کے تحت ہیں کو تحفظ کے سلسلے میں غیر مناسب اور غیر منصفانہ برتاؤ کا سامنا ہے۔

ہم نے وفاقی آمدنی بورڈ (FBR) اور وزارت خزانہ سے کہا ہوا ہے کہ درجہ بالا PCT نمبروں والی مصنوعات کو تحفظ دینے کیلئے ریگولیٹری ڈیوٹی نافذ کی جائے جس کا ابھی تک کوئی راست اقدام سامنے آنا باقی ہے۔ ایک وقت تھا جب مقامی صنعت پولیسٹر کی ملکی مانگ کا ۸۵ فیصد فراہم کرتی تھی اور صرف ۱۵ فیصد درآمد کیا جاتا تھا۔ اب صورت حال بالکل اس کے برعکس ہے اور ۷۸ فیصد سے زائد مانگ درآمد سے پوری ہو رہی ہے جو کہ قومی خزانے پر شدید بوجھ کی عکاس ہے۔

اپنی پیداواری لاگت کو مزید کم کرنے کی خاطر ہم نے کئی اقدام اُٹھائے ہیں جن میں کم قیمت پر فلامنٹ یارن بنانے کے لیے جدید ٹیکنالوجی والی مشینوں کی برآمد شامل ہے۔

ہم اپنے اسٹیک ہولڈرز اور کمرشل بنکوں کو سراہتے ہیں کہ اُنہوں نے ہم پر اعتماد کیا۔ ہم اپنے قابلِ قدر گاہکوں کے شکر گزار ہیں اور اُن کے ساتھ کاروباری تعلقات میں مزید وسعت کی امید رکھتے ہیں۔ ہم کمپنی کی انتظامیہ اور عملے کی مسلسل محنت کی بھی تعریف کرتے ہیں۔

منجانب بورڈ آف ڈائریکٹرز

نورالدین فیراستہ
چیف ایگزیکٹیو آفیسر

لاہور:
۲۵ اپریل ۲۰۱۷

ڈائریکٹران کا جائزہ

کمپنی کے ڈائریکٹران کی جانب سے میں بمسرت ۳۱ مارچ ۲۰۱۷ کو ختم ہونے والی سہ ماہی اور نو ماہی کے غیر پڑتال شدہ گوشوارے پیش کرتا ہوں۔

مالیاتی نتائج

الحمدللہ ہم اللہ تعالیٰ کی برکات سے ترقی کے پائیدار راستے پر گامزن ہیں اور کمپنی مثبت انداز سے آگے بڑھ رہی ہے۔ مارکیٹ کے عدم استحکام اور توانائی کی قلت جیسے چیلنجوں کے باوجود ۳۱ مارچ ۲۰۱۷ کو ختم ہونے والی سہ ماہی اور نو ماہی مدّت میں سال گذشتہ کی اسی مدّت میں ہونے والے خام نقصان کے برعکس اب خام منافع میں آ گئے ہیں۔

اگرچہ حکومت کپڑے کی صنعت کی اہمیت کی عکاس ہے مگر اس سیکٹر کیلئے جو کہ پاکستان کے جی ڈی پی کا ۶۰ فیصد ہے ایک مثبت نقطہ نظر کے تحت سخت اقدامات کرنے ابھی باقی ہیں۔ ٹیکسٹائل صنعت کی وزارت اس صنعت کی اہمیت کو سمجھتے ہوئے مقامی کپڑا بنانے والوں کا خاص خیال رکھنے کا اظہار کرتی رہتی ہے۔ مگر حکومت کو بھی چاہیئے کہ اِن مسائل پر غور کرے اور مقامی پیداوار اور برآمد کی نمُو اور درآمد پر کنٹرول کیلئے فوراً احتیاطی اقدام اُٹھائے۔ مختلف اقسام کا پولیسٹر دھاگہ اور کپڑا چین اور ہندوستان سے پاکستان میں ڈمپ ہو رہا ہے جو ملکی معیشت پر بُرے اثرات مرتّب کر رہا ہے۔

ہم نے قومی کمیشن برائے ٹیرف (NTC) کو درخواست دے رکھی ہے کہ PFY پر اینٹی ڈمپنگ ڈیوٹی عائد کی جائے۔ جیسا کہ ہم نے ششماہی جائزہ میں بتایا تھا کہ NTC نے ابتدائی تحقیقات مکمل کرنے کے بعد اس حقیقت کا اعتراف کیا ہے کہ ڈمپ درآمدات کے حجم میں اضافے اور قیمتوں میں کمی کے باعث مقامی صنعت کو بڑا بھاری نقصان اُٹھانا پڑا ہے جس سے بالآخر فروخت اور مارکیٹ کے حصّہ میں کمی اور سرمایہ کاری پر نقصان پر منتج ہوا ہے۔ تاہم NTC نے مقامی نقصان زدہ صنعت کو تحفظ فراہم کرنے کیلئے عبوری ڈیوٹی نہ عائد کرنے کا فیصلہ کیا ہے۔ اس حقیقت کے برعکس کہ حکومت پر واضح ہے کہ مقامی صنعت ڈمپنگ سے بُری طرح متاثر ہو رہی ہے اور ٹیکسٹائل صنعت سے منسلک سارے کاروبار پر منفی اثرات کا اچھا خاصہ بوجھ ہے۔ اِس بوجھ کو ختم کرنے کیلئے حکومت ابھی تک کوئی اقدام نہیں کر رہی جبکہ تاریخی پس منظر میں دیکھا جائے تو ۲۰۱۲ سے حکومت نے ہمیشہ ڈمپڈ درآمدات سے مقامی صنعت کو ہونے والے مُضر اثرات زائل کرنے کے لیے اقدامات کیے ہیں۔ لہٰذا قبل اس کے کہ یہ سیکٹر پاکستان کی جی ڈی پی سے مکمل طور پر حذف ہو جائے PFY پر فی الفور دس فیصد ریگولیٹری ڈیوٹی عائد کرنے کی ضرورت ہے۔ نتیجتاً ڈمپنگ مقامی صنعت کی توسیع و ترقی میں بہت بڑی رکاوٹ ہے کیونکہ بقاء کو خطرہ ہے جو کہ داؤ پر ہے۔

اس کے علاوہ سیلز ٹیکس واپسی کی مد میں ہماری بھاری رقوم حکومت کے پاس رُکی ہوئی ہیں۔ ہم امید کرتے ہیں ہمیں جلد ادائیگی کر دی جائے گی تاکہ ہمارے کیش کے بہاؤ میں بہتری آئے اور ہم توسیع کو فروغ دینے کے قابل ہوں۔

۳۱ مارچ ۲۰۱۷ کو ختم ہونے والی نو ماہی میں فروخت آمدنی ۳,۷۲۰.۰۸۷ ملین روپے ہوگئی جو کہ ۲۰۱۶ کی اسی نو ماہی میں ۳,۵۱۱.۵۸۴ ملین روپے تھی۔ اس نو ماہی میں پچھلے سال ہونے والے خام نقصان ۸۳.۶۸۴ ملین روپے کے برعکس ۸۹.۰۰۴ ملین روپے خام منافع ہوا۔ اس نو ماہی میں آپریٹنگ خسارہ ۲۰.۱۱۰ ملین روپے رہا جب کہ سابقہ آپریٹنگ خسارہ ۱۴۶.۷۵۲ ملین روپے تھا۔ قبل از ٹیکس خسارہ جو کہ ۲۰۱۶ میں ۲۴۷.۸۲۲ ملین روپے تھا کم ہو کر ۱۰۳.۵۱۶ ملین روپے رہا اور خالص خسارہ جو ۲۰۱۶ میں ۳۰۰.۱۵۵ ملین روپے تھا کم ہو کر ۱۳۳.۱۳۶ ملین روپے رہ گیا ہے۔

Condensed Interim Balance Sheet (Un-audited)

as at 31 March 2017

	Note	Un-audited 31 March 2017	Audited 30 June 2016
		Rupees in thousand	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		1,578,818	1,637,969
Investment property		400,000	400,000
Long-term deposits		4,396	4,361
CURRENT ASSETS			
Stores, spares and loose tools		909,590	804,391
Stock-in-trade		741,516	531,456
Trade debts		16,061	10,081
Loans and advances		26,913	15,324
Trade deposits and short-term prepayments		7,926	4,298
Other receivables		458,610	550,978
Taxation - net		147,501	177,304
Cash and bank balances		15,960	250,628
		2,324,077	2,344,460
		4,307,291	4,386,790
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
35,000,000 (30 June 2016: 35,000,000) ordinary shares of Rs.10 each		350,000	350,000
Issued, subscribed and paid-up capital			
34,068,514 (30 June 2016: 34,068,514) ordinary shares of Rs.10 each		340,685	340,685
Capital reserve		71,490	71,490
General reserves		1,664,125	1,664,125
Accumulated loss		(1,470,025)	(1,336,889)
		606,275	739,411
Surplus on revaluation of freehold land		293,388	293,388
		899,663	1,032,799
NON-CURRENT LIABILITIES			
Long-term borrowings	5	214,525	245,172
Staff retirement benefits - gratuity		126,875	121,043
Deferred taxation		271,965	279,547
Liabilities against assets subject to finance lease	6	2,554	3,371
		615,919	649,133
CURRENT LIABILITIES			
Trade and other payables		1,084,906	874,772
Short-term borrowings	7	1,618,968	1,743,057
Current portion of long-term liabilities	8	62,284	62,229
Accrued mark-up		25,551	24,800
		2,791,709	2,704,858
CONTINGENCIES AND COMMITMENTS	9		
		4,307,291	4,386,790

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

Nooruddin Feerasta
Chief Executive Officer

Muhammad Rashid Zahir
Director

Condensed Interim Profit and Loss Account (Un-audited)

for the nine months ended 31 March 2017

	Quarter Ended		Nine Months Ended	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	Rupees in thousand			
Sales	1,280,373	1,211,246	3,720,087	3,511,584
Cost of Goods Sold	(1,237,417)	(1,218,510)	(3,631,083)	(3,595,268)
Gross Profit/(Loss)	42,956	(7,264)	89,004	(83,684)
Selling and Distribution Expenses	(3,321)	(3,275)	(9,943)	(9,263)
Administrative and General Expenses	(37,734)	(33,397)	(111,455)	(104,155)
Other Operating Charges	(300)	(60)	(7,800)	(60)
Other Operating Income	6,295	5,150	20,183	50,410
Operating Profit/(Loss)	7,896	(38,846)	(20,011)	(146,752)
Finance Cost	(27,952)	(33,620)	(83,505)	(101,070)
Loss before Taxation	(20,056)	(72,466)	(103,516)	(247,822)
Taxation	(12,804)	(31,998)	(29,620)	(52,333)
Loss after Taxation	(32,860)	(104,464)	(133,136)	(300,155)
	Amount in Rupees			
Loss Per Share - Basic and Diluted	(0.96)	(3.07)	(3.91)	(8.81)

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

Nooruddin Feerasta
Chief Executive Officer

Muhammad Rashid Zahir
Director

Condensed Interim Statement of Comprehensive Income (Un-audited)

for the nine months ended 31 March 2017

	Quarter Ended		Nine Months Ended	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	Rupees in thousand			
Loss after Taxation	(32,860)	(104,464)	(133,136)	(300,155)
Other Comprehensive Income				
Surplus on revaluation of property, plant and equipment	-	-	-	-
Total Comprehensive Loss	(32,860)	(104,464)	(133,136)	(300,155)

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

Nooruddin Feerasta
Chief Executive Officer

Muhammad Rashid Zahir
Director

Condensed Interim Cash Flow Statement (Un-audited)

for the nine months ended 31 March 2017

	Un-audited	
	31 March 2017	31 March 2016
	Rupees in thousand	
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(103,516)	(247,822)
Adjustments for non-cash and other items		
Depreciation	116,039	122,784
Staff Retirement Benefits	13,133	10,509
Profit on Disposal of property, plant and equipment	-	(939)
Exchange gain	-	(20)
Remission of liabilities	-	(295)
Interest Income	973	1,590
Finance Cost	83,505	101,070
	213,650	234,699
	110,134	(13,123)
Effect on cash flow due to working capital changes		
(Increase) / Decrease in current assets		
Stores, Spares and Loose Tools	(105,197)	(14,358)
Stock-in-Trade	(210,060)	(12,419)
Trade Debts	(5,980)	(30,109)
Loans and Advances	(11,589)	3,936
Trade Deposits and Short-Term Prepayments	(3,628)	(4,484)
Other Receivables	57,086	(92,607)
	(279,368)	(150,041)
Increase / (Decrease) In current liabilities		
Trade and other payables	245,415	(164,114)
Cash generated from/(used) in operations	76,181	(327,278)
Finance Cost Paid	(82,754)	(103,424)
Income Tax Paid	(7,399)	(7,777)
Mark-up/Interest Income Received	(973)	(1,590)
Staff Retirement Benefits paid	(7,301)	(1,557)
Net Cash outflow from operating activities	(22,246)	(441,626)
CASH FLOW FROM INVESTING ACTIVITIES		
Capital Expenditure	(57,061)	(87,109)
Proceeds from disposal of Operating Assets	174	1,050
Long term deposits	(35)	-
Net cash outflow from investing activities	(56,922)	(86,059)

Condensed Interim Cash Flow Statement (Un-audited)

for the nine months ended 31 March 2017

	Un-audited	
	31 March 2017	31 March 2016
	Rupees in thousand	
CASH FLOW FROM FINANCING ACTIVITIES		
Long term borrowings	(30,647)	-
Finance lease	(764)	(685)
Net Cash Outflow from Financing Activities	(31,411)	(685)
Net decrease in cash and cash equivalents	(110,579)	(528,370)
Cash and cash equivalents at the beginning of the period	(1,492,429)	(1,286,773)
Effect of exchange rate fluctuations	-	20
Cash and cash equivalents at the end of the period	(1,603,008)	(1,815,123)

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

Nooruddin Feerasta
Chief Executive Officer

Muhammad Rashid Zahir
Director

Condensed Interim Statement of Changes in Equity (Un-audited)
for the nine months ended 31 March 2017

Rupees in thousand

	Issued Subscribed and Paid - up Capital	Capital Reserve	Revenue Reserves		Total Reserves	Sub Total	Revaluation Surplus	Total Equity and Reserves
		Share Premium	General Reserve	Accumulated Loss				
Balance as on 30 June 2015	340,685	71,490	1,664,125	(1,003,411)	660,714	1,072,889	293,388	1,366,277
Final Dividend for the year ended 30 June 2015	-	-	-	-	-	-	-	-
Loss for the nine months ended 31 March 2016	-	-	-	(300,155)	(300,155)	(300,155)	-	(300,155)
Other comprehensive income for the nine months ended 31 March 2016	-	-	-	-	-	-	-	-
Balance as on 31 March 2016	340,685	71,490	1,664,125	(1,303,566)	360,559	772,734	293,388	1,066,122
Balance as on 01 April 2016	340,685	71,490	1,664,125	(1,303,566)	360,559	772,734	293,388	1,066,122
Loss for the quarter ended 30 June 2016	-	-	-	(33,323)	(33,323)	(33,323)	-	(33,323)
Other comprehensive income for the last quarter ended 30 June 2016	-	-	-	-	-	-	-	-
Balance as on 30 June 2016	340,685	71,490	1,664,125	(1,336,889)	327,236	739,411	293,388	1,032,799
Balance as on 01 July 2016	340,685	71,490	1,664,125	(1,336,889)	327,236	739,411	293,388	1,032,799
Final Dividend for the year ended 30 June 2016	-	-	-	-	-	-	-	-
Loss for the nine months ended 31 March 2017	-	-	-	(133,136)	(133,136)	(133,136)	-	(133,136)
Other comprehensive income for the nine months ended 31 March 2017	-	-	-	-		-	-	-
Balance as on 31 March 2017	340,685	71,490	1,664,125	(1,470,025)	194,100	606,275	293,388	899,663

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.

Nooruddin Feerasta
Chief Executive Officer

Muhammad Rashid Zahir
Director

Notes to the Condensed Interim Financial Information (Un-audited)
for the nine months ended 31 March 2017

1 Legal status and nature of business

RUPALI POLYESTER LIMITED ("the Company") was incorporated in Pakistan on 24 May 1980 under the Companies Act 1913 (now the Companies Ordinance, 1984) as a Public Limited Company and is quoted on the Pakistan Stock Exchange Limited (formerly Karachi, Lahore and Islamabad Stock Exchanges). The registered office of the Company is situated at 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 Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives 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 full annual financial statements and, therefore, should be read in conjunction with audited annual financial statements of the company for the year ended 30 June 2016.

3 Significant accounting policies

The accounting policies and the methods of computation adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of audited annual financial statements of the company for the year ended 30 June 2016.

The provision for taxation for the nine months ended 31 March 2017 has been made using the tax rate that would be applicable to expected total annual earnings.

4 Accounting estimates, judgments and financial risk management

In preparing this condensed interim financial information, the significant judgments made by the management in applying the company's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the audited annual financial statements as at and for the year ended 30 June 2016, with the exception of changes in estimates that are required in determining the provision for income taxes.

The Company's financial risk management objectives and policies are consistent with those disclosed in the audited annual financial statements as at and for the year ended 30 June 2016.

5 Long term borrowings

In 2015, the Company has obtained a term finance facility of Rs. 500 million from MCB Bank limited for the purpose of import of plant and machinery, spare parts and related civil works. The facility is secured by way of first charge over fixed assets aggregating to Rs. 667 million, lien over import documents and promissory note of Rs. 975 million. The loan is repayable in nine equal bi-annual installments and carries mark-up of 6 months KIBOR plus 0.5% to be reset on semi annual basis.

	Un-audited 31 March 2017	Audited 30 June 2016
	Rupees in thousand	
6 Liabilities against assets subject to finance lease		
Minimum lease payments		
- Payable within one year	1,205	1,205
- Payable after one year	2,774	3,760
	3,979	4,965
Future financial charges		
- Payable within one year	214	269
- Payable after one year but before five years	219	389
	433	658
Present value of minimum lease payments		
- Payable within one year	991	936
- Payable after one year but before five years	2,554	3,371
	3,545	4,307
Current portion shown under current liabilities	(991)	(936)
Non-current portion	2,554	3,371

Future minimum lease payments have been discounted at implicit interest rates ranging from 7.74% to 11.44% (30 June 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 excercisable at the end of lease and it is reasonably certain that the Company will excercise this option at maturity.

	Un-audited 31 March 2017	Audited 30 June 2016
	Rupees in thousand	
7 Short term borrowings		
Secured- From Banking Companies		
Running Finances Utilized under Mark-up arrangements	1,355,968	1,285,057
Interest free loans		
Loan from sponsors	263,000	458,000
	1,618,968	1,743,057
8 Current portion of long-term liabilities		
Long-term borrowings	61,293	61,293
Liabilities against assets subject to finance lease	991	936
	62,284	62,229

9 Contingencies and commitments

9.1 Contingencies:

Guarantees issued to different organizations in the normal course of business amounted to Rs.81.314 million (30 June 2016: Rs. 81.314 million). Outstanding guarantees given on behalf of Related Parties amounted to Rs.Nil (30 June 2016: Rs. Nil).

9.2 Commitments:

9.2.1 Contracts for Capital expenditure commitments outstanding as at 31 March 2017 amounted to Rs.185.079 million (30 June 2016: Rs. 107.967 million).

9.2.2 Commitments against irrevocable letters of credit as at 31 March 2017 amounted to Rs.1,116.100 million (30 June 2016: Rs. 1,037.181 million).

10 Transactions with related parties

The related parties include 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.

11 Date of authorization for issue

These condensed interim financial statements were authorized for issue on 25 April 2017 by the Board of Directors of the Company.

12 Corresponding figures

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim balance sheet and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim profit and loss account, condensed interim statement of comprehensive income and condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial year.

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

13 General

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

Nooruddin Feerasta
Chief Executive Officer

Muhammad Rashid Zahir
Director

Rupali

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