



Rupali Polyester Limited

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RL/CA-PSX/1638
21 May 2023

Through PUCARS & Hand delivery

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi

Sub: **CORPORATE BRIEFING SESSION - 2024**

Dear Sir,

Reference our earlier letter No. RL/CA-PSX/1637 dated 20 May 2024 in respect of the above mentioned subject.

In compliance with the provisions of PSX Regulation 5.7.3 and Guidelines, we are enclosing pertinent detail of the CBS and Presentation for participants/analysts.

You may please inform the TRE Certificate Holders of the Exchange accordingly
Thanking you.

Sincerely yours,

S. Ghulam Shabbir Gilani
Company Secretary

RUPALI POLYESTER LIMITED

Pertinent details of Corporate Briefing Session

- Date** : 24 May 2024
- Time** : 10:30 A.M.
- Venue** : Rupali House, 241-242 Upper Mall Scheme, Anand Road, Lahore
- Presentation** : Attached
- Last date of Registration** : 23 May 2024 before 3.00 p.m
- Physical Attendance** : Participants who willing to attend the CBS physically advised to bring their original CNIC Card.
- For Virtual Attendance** : Investors/Analysts who intend to attend the CBS virtually are requested to provide their following details to info@rupaligroup.com:
- a. Participant's Name
 - b. Designation
 - c. Company name
 - d. Contact detail
 - e. Contact No.
- Zoom Link will be shared between 10:00 a.m – 10:25 a.m. to the Investors/Analysts after receiving and checking the necessary details.
- Participants who join virtually are requested to please login five minuet before CBS i.e. 10.25 a.m.
- QA Session** : Participants are requested to please write down any question when the presentation is going for answers before conclusion of session.



Rupali Polyester Limited

Corporate Briefing Session

Financial Year 2023-24

Third Quarter and Nine Months ended
March 31, 2024

May 24, 2024



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Company Profile



Rupali Polyester Limited (RPL) was established in May 1980 as a Public Limited Company in Karachi. It is currently listed on the Pakistan Stock Exchange Limited (formerly known as Karachi, Lahore, and Islamabad Stock Exchanges). The company operates integrated facilities for the production of Polyester Staple Fiber and Polyester Filament Yarn.

RPL is committed to manufacturing high-quality products through the utilization of cutting-edge technology and the finest raw materials available. The company holds the distinction of being one of the early pioneers in Pakistan's Staple Fiber manufacturing sector, renowned for its exceptional quality. Over the years, the company has achieved consistent growth through expansion and diversification efforts. The company's total assets have risen from an initial capital outlay of Rs.150 million to Rs.13,538 million.

RPL operates a Polymerization Unit with a daily capacity of 105 metric tons, as well as a Polyester Filament Yarn facility with a daily capacity of 30 metric tons, and a Polyester Staple Fiber plant with a daily capacity of 65 metric tons. To further enhance its operations, the company has invested approximately Rs.162 million in setting up an additional POY (Partially Oriented Yarn) line with a capacity of 28 metric tons per day. These expansions aim to meet the growing demand for its products.

It is noteworthy that RPL's product range serves as a substitute for imports from countries such as Japan, Indonesia, Taiwan, and Korea.



Since its establishment, RPL has adhered to a management philosophy focused on growth based on quality and reliability. To uphold this principle, the company maintains a well-equipped Research & Development Centre for continuous enhancement of product standards, innovative improvements, and the implementation of cost-effective production techniques, all while ensuring that the company's high standards and product quality are never compromised.

The commitment to quality and reliability has earned RPL a strong reputation among its customers seeking dependable and top-notch products in the market. The company places utmost importance on customer satisfaction, striving to ensure an uninterrupted supply of its products to meet customer demands, and going beyond the point of sale to offer comprehensive after-sales services and technical support, to troubleshoot and address any issues they may encounter.

ALHAMDO LILLAH, RPL has achieved a prominent status and reputation in the business community, as well as among banks, financial institutions, and customers. The company is recognized as one of the significant contributors to the national exchequer, reflecting its substantial contribution to the economy. The company takes pride in its achievements and the trust it has garnered from various stakeholders in the business landscape.

Strategic and Operational Developments



Pakistan's economy is currently under severe stress due to unsustainable government debts along with low foreign reserves and high inflation. Economic activity has fallen with fiscal & monetary policy tightening, import controls, high borrowing and fuel costs, increased energy tariffs, low confidence, and protracted policy and political uncertainty. International economic researchers expect the economic growth of Pakistan to slow and remain below potential.

Over the past two years, Rupali Polyester Limited (RPL) has experienced significant business strain due to Pakistan's political and economic crisis. This has resulted in gross, operating, and net losses. The company has encountered a range of challenges, which include:

- 1. High inflation:** The company has had to navigate through a period of elevated inflation, which impacted production costs and overall business operations.
- 2. Exchange losses:** Fluctuations in exchange rates have resulted in exchange losses for the company, adding to the financial pressures.
- 3. Increased energy tariffs:** The removal of the Regionally Competitive Energy Tariff (RECT) has led to higher energy tariffs, impacting the company's operational costs.



4. **Additional energy generation costs:** Shortages in gas supply have necessitated the use of alternative energy sources, resulting in increased costs for energy generation.
5. **Decreasing sales volume:** The company has experienced a decline in sales volume, which can be attributed to various market factors and economic conditions.
6. **Inability to recover increased manufacturing costs:** The company has faced difficulties in passing on the increased manufacturing costs to the market, putting strain on its profitability.
7. **High interest rates:** The increased discount rate set by the State Bank of Pakistan (SBP) has led to higher interest rates, impacting the company's borrowing costs and financial stability.

To survive in this challenging economic environment, the company is continuously adjusting its business model to meet changing market demands. The company is focusing on a number of key strategies, including:

1. **Revenue increase:** by optimizing product mix and pricing and by expanding the customer base and focusing on customer satisfaction.
2. **Optimize pricing strategies:** By analyzing pricing data to determine optimal pricing strategies that maximize revenue while remaining competitive in the market. This involves adjusting prices based on customer demand, product availability, and market trends. This has also led to revenue increase.



3. **Reaching out to new customers:** Directed more efforts towards marketing to capture pockets of the market that were inclined towards imported yarn rather than ours. The company targeted wholesale customers that are able to buy in bulk so even though margins might be marginally lower, however, generated positive cash flow enabling the company to reduce its short-term borrowing.
4. **Cost optimization:** by improving operational efficiency, reducing overhead costs, downsizing manpower to operate with a more lean structure, streamlining supply chains, reducing inventory levels now that LCs are being opened with more ease as compared to the start of 2023, and negotiating better terms with suppliers. This also leads to reduction in financial losses.
5. **Materials' supply** – ensuring sufficient availability of all domestic and imported raw materials to run the operation beyond one month at least incase situation necessitates complete shutdown of imports.
6. **Capex** – Setting up cone dyeing plant to increase value addition on our yarn and cater to markets rising needs of colored yarn. This step will enable higher gross margins as well as an increase in revenue.



The company experienced the highest financial loss in the third quarter of FY 2023-24 owing to increased finance costs, which the company is trying to reduce in the fourth quarter.

Sponsors of the company have strong belief in the future of company and Pakistan. They have supported the company financially by injecting interest free loan of Rs. 855 million during the first nine months to meet its working capital needs.

The company acknowledges that there is a need for ongoing efforts to attain sustainable long-term growth. It recognizes that achieving sustained growth requires continuous evaluation, adaptation, and implementation of strategic initiatives. By proactively addressing challenges, identifying opportunities, and making informed decisions, the company aims to strengthen its position and ensure a trajectory of sustainable growth in the future.



Key Financial Information



Financial (Unaudited) for Nine Months

Particulars	UOM	9 Months FY-2023-24	9 Months FY-2022-23
Profit and Loss Account			
Sales - Net	Rs. in thousand	7,860,085	8,135,208
Cost of Goods Sold	Rs. in thousand	7,823,238	8,310,908
Gross profit/(loss)	Rs. in thousand	36,847	(175,700)
Operating profit/(loss)	Rs. in thousand	81,254	(101,791)
Profit/(loss) before tax	Rs. in thousand	(639,163)	(528,972)
Profit/(loss) after tax	Rs. in thousand	(650,222)	(501,637)
Provision for Taxation	Rs. in thousand	11,059	(27,335)
Balance Sheet			
Share capital	Rs. in thousand	340,685	340,685
Reserves	Rs. in thousand	6,445,747	6,784,915
Shareholders equity	Rs. in thousand	6,786,432	7,125,600
No. of ordinary shares	Numbers	34,068,514	34,068,514
Non Current Liabilities	Rs. in thousand	302,745	267,853
Current liabilities	Rs. in thousand	6,448,840	4,904,135
Property, Plant and Equipment	Rs. in thousand	6,935,491	6,882,797
Capital work-in-progress	Rs. in thousand	78,324	176,328
Long term investments/loans/deposits	Rs. in thousand	4,281	4,281
Current assets	Rs. in thousand	5,313,159	4,229,101
Total Liabilities	Rs. in thousand	13,538,017	12,271,282
Total Assets	Rs. in thousand	13,538,017	12,271,282

Operational Overview



In the first nine months of FY 2023-24, the overall economic situation in the country led to weak demand from our downstream consumers. This sluggish demand was further compounded by tight liquidity conditions, squeezing buying power of businesses and making it difficult to access financing.

Previously, export-oriented businesses had a competitive advantage with access to both the national grid and affordable gas for power generation. This policy, known as Regionally Competitive Energy Tariffs (RCET), helped keep production costs down. Unfortunately, the government's decision to scrap RCET benefits and significantly raise in power tariffs has made domestic manufacturing extremely less competitive internationally. This unexpected shift threatens the export potential of the nation and is a major blow to exporters' ability to compete in the global market.

The past nine months (July 2023 to March 2024) have been a period of significant hardship. Our industry continues to face economic headwinds and uncertainty, creating a volatile operating environment. This instability, coupled with unprecedented inflation and an influx of cheap imported goods at dumped prices, has severely impacted demand from our customers.

Despite these challenges, the Company has demonstrated remarkable resilience. Through strategic planning and operational adaptability, we successfully sailed through this difficult period. While rising costs of raw materials (PTA & MEG), a weakening Pakistani rupee, and skyrocketing energy expenses have squeezed margins, we have been able to adjust our selling prices accordingly, maintaining our gross profits. However, lower sales volumes and the need for significant markups at around 23% have unfortunately resulted in net losses.



OEKO Certification

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SCHEME, ANAND ROAD
54000 LAHORE, PAKISTAN



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INNOVACIÓN
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Certificate OEKO-TEX® STANDARD 100

RUPALI POLYESTER LIMITED
is granted the OEKO-TEX® STANDARD 100 certification
and the right to use the trademark.

SCOPE
Raw polyester filament yarn.

PRODUCT CLASS
I (baby articles) - Annex 6



This certificate 2018OK1181 is valid until
30.09.2024.

SUPPORTING DOCUMENTS

- ✓ Test report : 2023OK2353
- ✓ Declaration of conformity in accordance with EN ISO 17050-1 as required by OEKO-TEX®
- ✓ OEKO-TEX® Terms of Use (ToU)

Silvia Devesa Valencia
Innovation Assistant Manager

Isabel Soriano Sarría
Chief of Innovation Area

Further compliance information (REACH, SVHC, POP, GB18401 etc.) can be found on oeko-tex.com/en/faq.
The certificate is based on the test methods and requirements of the OEKO-TEX® STANDARD 100 that were in force at the time of evaluation.

Alicoy (Alicante) España, 2023-09-11



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Certificate OEKO-TEX® STANDARD 100

RUPALI POLYESTER LIMITED
is granted the OEKO-TEX® STANDARD 100 certification
and the right to use the trademark.

SCOPE
Raw polyester staple fibre.

PRODUCT CLASS
I (baby articles) - Annex 6



This certificate 2022OK2223 is valid until
30.09.2024.

SUPPORTING DOCUMENTS

- ✓ Test report : 2023OK2351
- ✓ Declaration of conformity in accordance with EN ISO 17050-1 as required by OEKO-TEX®
- ✓ OEKO-TEX® Terms of Use (ToU)

Silvia Devesa Valencia
Innovation Assistant Manager

Isabel Soriano Sarría
Chief of Innovation Area

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Alicoy (Alicante) España, 2023-09-11



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Capital Market Authority of Pakistan



Thank you



Q & A Session