



Rupali Polyester Limited

241-242 Upper Mall Scheme, Anand Road, Lahore - 54000, Pakistan

UAN : +92 42 111-RUPALI (787-254)
Tel : +92 42 35713101 - 4
Fax : +92 42 35713095 - 6
E-mail : info@rupaligroup.com
Website: www.rupaligroup.com

RL/CA-PSX/1190
16 June 2023

Through PUCARS & Hand delivery

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

Sub: **Corporate Briefing Session**

Dear Sir,

Reference our earlier letter No. RL/CA-PSX/1174 dated 13 June 2023 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** : 22 June 2023
- Time** : 11:00 A.M.
- Venue** : Rupali House, 241-242 Upper Mall Scheme, Anand Road, Lahore
- Presentation** : Attached
- Last date of Registration** : 21 June 2023
- Physical Attendance** : Participants who willing to attend the CBS physically advised to bring their original CNIC Card.
- For Virtual Attendance** : Investors/Analysts willing 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 9:00 a.m – 9:30 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. 10.55.
- 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 2022-23

Third Quarter and Nine Months ending
March 31, 2023

June 22, 2023



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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.12,271 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 with low foreign reserves, a depreciating currency, and high inflation. Economic activity has fallen with fiscal & monetary policy tightening, flood impacts, 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 in the medium-term.

Over the past one year, 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. PKR depreciation against USD:** The depreciation of the Pakistani Rupee against the United States Dollar has posed challenges for the company, particularly in terms of importing raw materials and managing foreign currency fluctuations.



3. **Rising PTA and HFO prices:** The company has faced the issue of increasing prices for Purified Terephthalic Acid (PTA) and High Fuel Oil (HFO), which are essential inputs in the manufacturing process.
4. **Exchange losses:** Fluctuations in exchange rates have resulted in exchange losses for the company, adding to the financial pressures.
5. **Increased energy tariffs:** The removal of the Regionally Competitive Energy Tariff (RECT) has led to higher energy tariffs, impacting the company's operational costs.
6. **Additional energy generation costs:** Shortages in gas supply have necessitated the use of alternative energy sources, resulting in increased costs for energy generation.
7. **Decreasing sales volume:** The company has experienced a decline in sales volume, which can be attributed to various market factors and economic conditions.
8. **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.
9. **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. Optimizing product mix:** By adjusting company's product portfolio to achieve the best possible combination of products in terms of profitability, market demand, and other relevant factors. This involves analyzing sales data, market trends, and customer preferences to identify which products are performing well and which ones are not. Based on this analysis, the company is making strategic decisions in real time about which products to promote, which to phase out, and which new products to introduce. This has led to a positive trend in revenue and overall margins in the last few months.
- 3. 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.



4. **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.
5. **Focus on existing customers** – through personalized communication and exceptional customer service.
6. **Prioritizing customer experience and satisfaction** – focus on providing excellent customer service and satisfaction to build loyalty and improve customer retention.
7. **Optimizing operational efficiency** – by streamlining processes, reducing waste, adjusting production planning, improving supply chain management, and improving energy mix in light of periods of gas blackout. This leads to reduction in financial losses.
8. **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.
9. **Supplier relationship** – by negotiating price with suppliers for more favorable terms and reducing LC tenors to reduce exposure to unpredictable exchange losses and avoidable finance costs.



- 10. Materials' supply** – ensuring sufficient availability of all domestic and imported raw materials to run the operation beyond one month at least in case situation necessitates complete shutdown of imports.
- 11. Foreign imports** – negotiating with banks in advance for opening LCs for foreign imports of material, stores and spares; and ensure that there are no constraints in availability of foreign exchange at the time of their retirement and that retirement is done on favorable rates.
- 12. Minimizing Interest costs** – utilization of minimum loan facilities in the wake of rising interest rates.
- 13. 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.

These efforts have started yielding positive results. The company experienced the highest financial losses in the second quarter of FY 2022-23, which significantly reduced in the third quarter. Financial position of the company is improving considerably, and it is forecasting net profits for the fourth quarter of the current financial year 2022-23.

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

(Rupees in Million)



Particulars	UOM	9 Months FY-2022-23	9 Months FY-2021-22
Profit and Loss Account			
Sales - Net	Rs. in thousand	8,135,208	7,991,537
Cost of Goods Sold	Rs. in thousand	8,310,908	6,963,262
Gross profit/(loss)	Rs. in thousand	(175,700)	1,028,275
Operating profit/(loss)	Rs. in thousand	(101,791)	1,071,998
Profit/(loss) before tax	Rs. in thousand	(528,972)	786,168
Profit/(loss) after tax	Rs. in thousand	(501,637)	954,283
Provision for Taxation	Rs. in thousand	(27,335)	(168,115)
Balance Sheet			
Share capital	Rs. in thousand	340,685	340,685
Reserves	Rs. in thousand	6,784,915	7,456,895
Shareholders equity	Rs. in thousand	7,125,600	7,797,580
No. of ordinary shares	Numbers	34,068,514	34,068,514
Non Current Liabilities	Rs. in thousand	241,547	218,656
Current liabilities	Rs. in thousand	4,904,135	3,507,833
Property, Plant and Equipment	Rs. in thousand	6,866,732	6,892,033
Capital work-in-progress	Rs. in thousand	192,393	17,994
Long term investments/loans/deposits	Rs. in thousand	4,281	4,281
Current assets	Rs. in thousand	4,229,101	3,755,348
Total Liabilities	Rs. in thousand	12,271,282	11,524,069
Total Assets	Rs. in thousand	12,271,282	11,524,069

OEKO Certification



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The company

RUPALI POLYESTER LIMITED
RUPALI HOUSE, 241-242 UPPER MALL SCHEME, ANAND ROAD
54000 LAHORE, PAKISTAN

is granted authorisation according to STANDARD 100 by OEKO-TEX® to use the STANDARD 100 by OEKO-TEX® mark, based on our test report 20220K2181



for the following articles:

Raw polyester filament yarn.

The results of the inspection made according to STANDARD 100 by OEKO-TEX®, Annex 6, **product class I** have shown that the above mentioned goods meet the human-ecological requirements of the STANDARD 100 by OEKO-TEX® presently established in Annex 6 for baby articles.

The certified articles fulfil requirements of Annex XVII of REACH (incl. the use of azo colourants, nickel release, etc.), the American requirement regarding total content of lead in children's articles (CPSIA; with the exception of accessories made from glass) and of the Chinese standard GB 18401:2010 (labelling requirements were not verified).

The holder of the certificate, who has issued a conformity declaration according to ISO 17050-1, is under an obligation to use the STANDARD 100 by OEKO-TEX® mark only in conjunction with products that conform with the sample initially tested. The conformity is verified by audits.

The certificate 20180K1181 is valid until 30.09.2023

Alcoy (Alicante) España, 19.09.2022


Silvia Devesa Valencia
Innovation Assistant Manager


Isabel Soriano Sarrió
Chief of Innovation Area



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CERTIFICATE

The company

RUPALI POLYESTER LIMITED
RUPALI HOUSE, 241-242 UPPER MALL SCHEME, ANAND ROAD
54000 LAHORE, PAKISTAN

is granted authorisation according to STANDARD 100 by OEKO-TEX® to use the STANDARD 100 by OEKO-TEX® mark, based on our test report 20220K2223



for the following articles:

Raw polyester staple fibre.

The results of the inspection made according to STANDARD 100 by OEKO-TEX®, Annex 6, **product class I** have shown that the above mentioned goods meet the human-ecological requirements of the STANDARD 100 by OEKO-TEX® presently established in Annex 6 for baby articles.

The certified articles fulfil requirements of Annex XVII of REACH (incl. the use of azo colourants, nickel release, etc.), the American requirement regarding total content of lead in children's articles (CPSIA; with the exception of accessories made from glass) and of the Chinese standard GB 18401:2010 (labelling requirements were not verified).

The holder of the certificate, who has issued a conformity declaration according to ISO 17050-1, is under an obligation to use the STANDARD 100 by OEKO-TEX® mark only in conjunction with products that conform with the sample initially tested. The conformity is verified by audits.

The certificate 20220K2223 is valid until 30.09.2023

Alcoy (Alicante) España, 19.09.2022


Silvia Devesa Valencia
Innovation Assistant Manager


Isabel Soriano Sarrió
Chief of Innovation Area



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Securities and Exchange Commission of Pakistan



Thank you



Q & A Session