



# Rupali Polyester Limited

## Corporate Briefing Session

Financial Year 2023-24

Third Quarter and Nine Months ended  
March 31, 2024

May 24, 2024



# Disclaimer



The sole purpose of this presentation by Rupali Polyester Limited (RPL) is to provide information.

This presentation by Rupali Polyester Limited (RPL) does not intend to provide any guidance or recommendations for trading in the company's shares. The company does not assert or guarantee any claims or promises regarding the information presented here. It is important to note that the material provided in this presentation is not designed to encourage or solicit any form of investment. Therefore, we strongly advise you to exercise your own judgment and not solely rely on the information presented in this presentation for making any financial decisions.

Rupali Polyester Limited (RPL), its affiliates, officials, advisors, associates, employees, or any other person acting for, under, or on behalf of RPL, shall not be held responsible for any loss or damage incurred from the use of this presentation, its contents, or any other circumstances related to this presentation. Consequently, such loss or damage shall not give rise to any liability on the part of RPL or any of its aforementioned entities or individuals.

Please note that this presentation does not constitute a prospectus, offering circular, offering memorandum, or an offer, solicitation, invitation, or recommendation to purchase or subscribe to any securities. None of the information contained in this presentation should be considered as a basis for, or be relied upon as a source of support for, or be regarded as an incentive to enter into any arrangement, agreement, contract, commitment, or investment decision involving securities. It is important to understand that no funds, securities, or any other form of payment are being solicited, and any such payments received in response to this presentation or the information provided will not be acknowledged.

The presentation may contain forward-looking statements that reflect Rupali Polyester Limited's (RPL) personal beliefs and expectations for the future. These statements are based on predictions about future events, which are inherently uncertain and beyond RPL's control. It is important to note that these forward-looking statements do not necessarily represent the most probable or common outcome, but rather are just one of several potential scenarios that could unfold. The actual outcomes may significantly deviate from what was anticipated in these forward-looking statements due to various risks and uncertainties.

# 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 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

	Rupees in Thousands	
	9 Months	9 Months
	FY 2023-24	FY 2022-23
<b>PROFIT AND LOSS ACCOUNT</b>		
Sales - net	7,860,085	8,135,208
Costs of goods sold	(7,823,238)	(8,310,908)
<b>Gross Profit/(Loss)</b>	<b>36,847</b>	<b>(175,700)</b>
Other income	44,407	73,909
Distribution, admin & other costs	(250,996)	(198,194)
<b>Operating profit / (loss)</b>	<b>(169,742)</b>	<b>(299,985)</b>
Finance costs	(469,421)	(228,987)
<b>Profit / (loss) before tax</b>	<b>(639,163)</b>	<b>(528,972)</b>
Provision for taxation	(11,059)	27,335
<b>Profit / (loss) after tax</b>	<b>(650,222)</b>	<b>(501,637)</b>
<b>BALANCE SHEET</b>		
<b>Number of ordinary shares</b>	<b>34,068,514</b>	<b>34,068,514</b>
Share capital	340,685	340,685
Reserves	6,445,747	6,784,915
<b>Shareholders' equity</b>	<b>6,786,432</b>	<b>7,125,600</b>
Non-current liabilities	302,745	241,547
Current liabilities	6,448,840	4,904,135
<b>Total liabilities</b>	<b>13,538,017</b>	<b>12,271,282</b>
Property, plant and equipment	7,013,815	7,059,125
Non-current assets	1,211,043	983,056
Current assets	5,313,159	4,229,101
<b>Total assets</b>	<b>13,538,017</b>	<b>12,271,282</b>

# 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

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

**OEKO  
TEX®**

AITEX  
CENTRO DE INVESTIGACIÓN E  
INNOVACIÓN  
PLAZA EMILIO SALA, 1  
03801 ALCOY (ALICANTE) ESPAÑA, SPAIN

## 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

**STANDARD 100** 2018OK1181 AITEX

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](http://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

OEKO-TEX Service GmbH · Genferstrasse 23 · CH-8002 Zurich

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

**OEKO  
TEX®**

AITEX  
CENTRO DE INVESTIGACIÓN E  
INNOVACIÓN  
PLAZA EMILIO SALA, 1  
03801 ALCOY (ALICANTE) ESPAÑA, SPAIN

## 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

**STANDARD 100** 2022OK2223 AITEX

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

Further compliance information (REACH, SVHC, POP, GB18401 etc.) can be found on [oeko-tex.com/en/faq](http://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

OEKO-TEX Service GmbH · Genferstrasse 23 · CH-8002 Zurich

www.jamapunji.pk




**Be aware, Be alert,  
Be safe**  
Learn about investing at  
[www.jamapunji.pk](http://www.jamapunji.pk)

**Key features:**

- Licensed Entities Verification
- Scam meter\*
- Jamapunji games\*
- Tax credit calculator\*
- Company Verification
- Insurance & Investment Checklist
- FAQs Answered
- Stock trading simulator (based on live feed from KSE)
- Knowledge center
- Risk profiler\*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
- Jamapunji application for mobile device
- Online Quizzes

 Jama Punji is an Income Taxpayer\* Member of Securities and Exchange Commission of Pakistan

[jamapunji.pk](http://jamapunji.pk) @jamapunji\_pk

\*Mobile app is available for download for android and ios devices.



Thank you



# Q & A Session