Sapphire Fibres Limited

Corporate Briefing Session 2021

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Sapphire Fibres Limited Introduction

Sapphire Fibres Limited - Introduction

Sapphire Fibres Limited (SFL) was incorporated in Pakistan on 05 June 1979 as a public limited company. The shares of the company are listed on Pakistan Stock Exchange. SFL is principally engaged in manufacturing and sales of yarn, fabrics and garments.

Sapphire Electric Company Limited (SECL), which is subsidiary of SFL owns & operates a combined cycle power plant. SECL has a Power Purchase Agreement with its sole customer, National Transmission & Despatch Company Limited for thirty years which commenced from October 05, 2010.

YARN

102,336 Spindles

62,707,830 Lbs

DENIM FABRIC

19,200,000 Meters

KNITTED FABRIC & GARMENTS

14,613,000 Lbs. &

9,000,000 Garments

POWER PLANT

234 MW Power Plant

02

Strategic / Operational Developments

Strategic / Operational Developments

Denim Division:

During the year, investment of Rs. 253 million has been made to add 25 new weaving looms in Denim Division. Capacity has increased by 3.46 million meters during the year in Denim Division and to meet this capacity, further investment of Rs. 200 million is made in denim finishing and shrinking machine.

Spinning Division:

The Company during the year has invested Rs. 325 million on Lycra attaachement, Auto Cone, Fabric Recycling and Ring Frames in Spinning Division to enhance capacity and to meet demand of high quality yarn in international market.

Knits Division:

The Company during the year has invested in existing and new machines (Investment of Rs. 33 million) in Knits Division and its capacity has remained constant with previous year.

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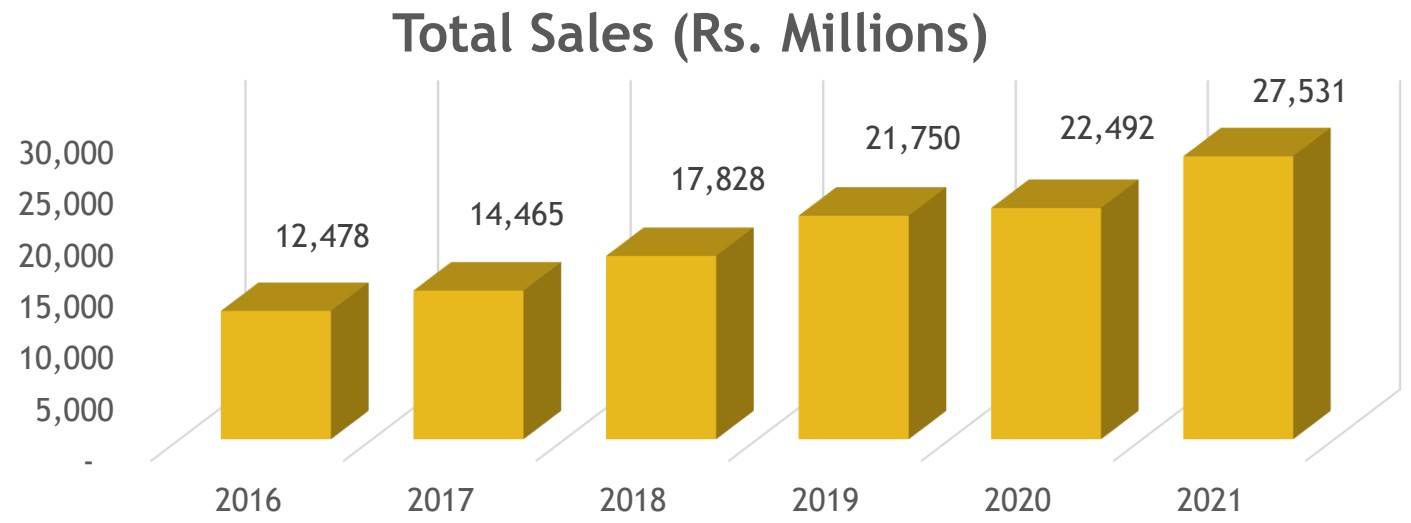
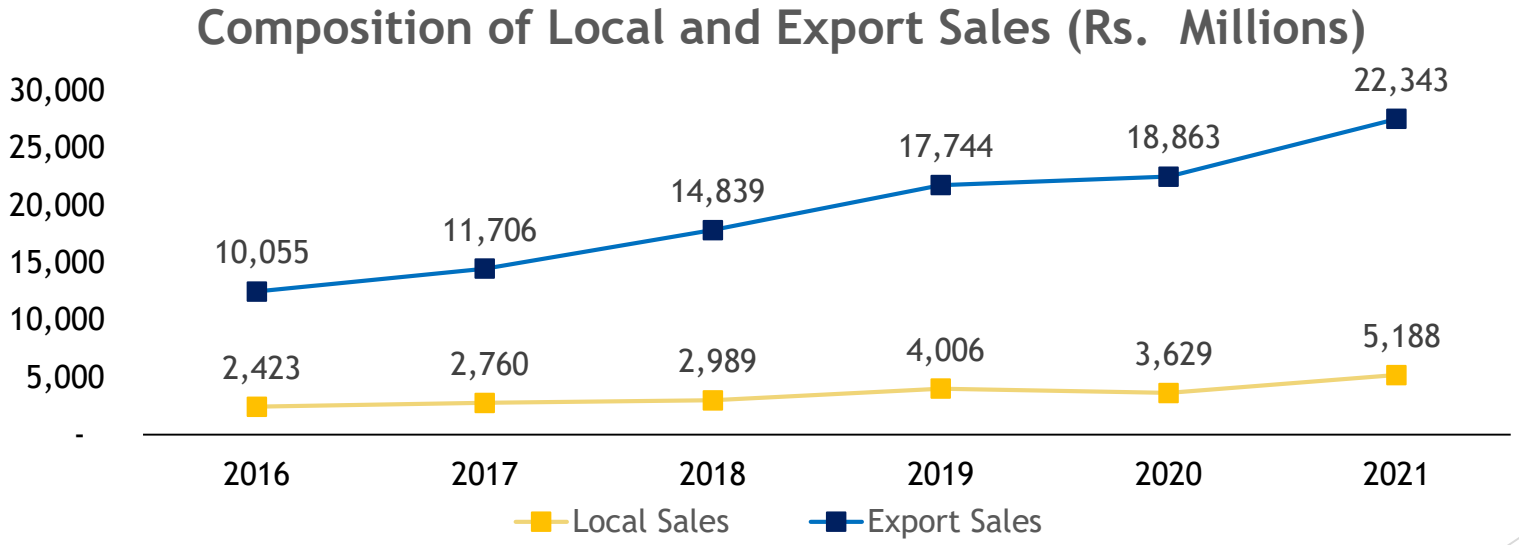
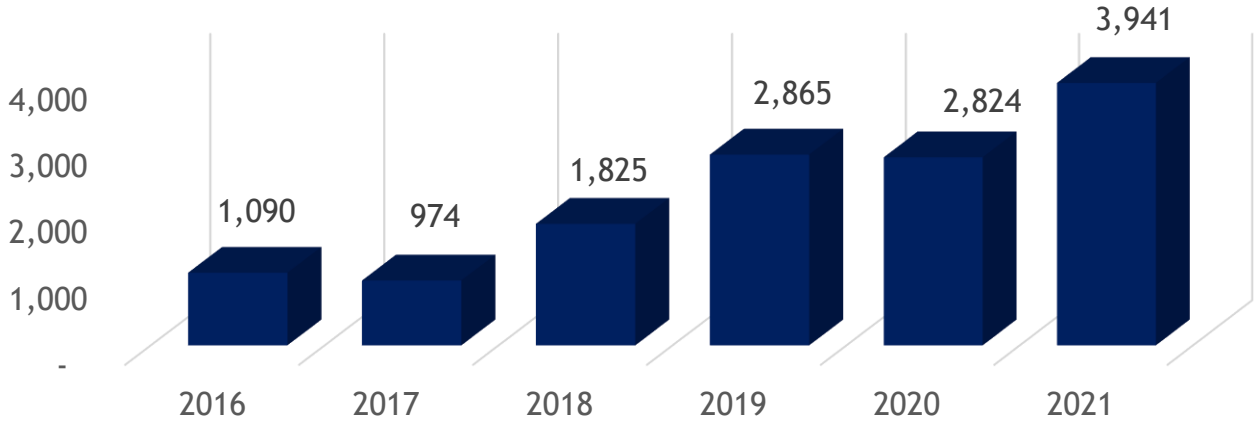
Historical Financial Highlights

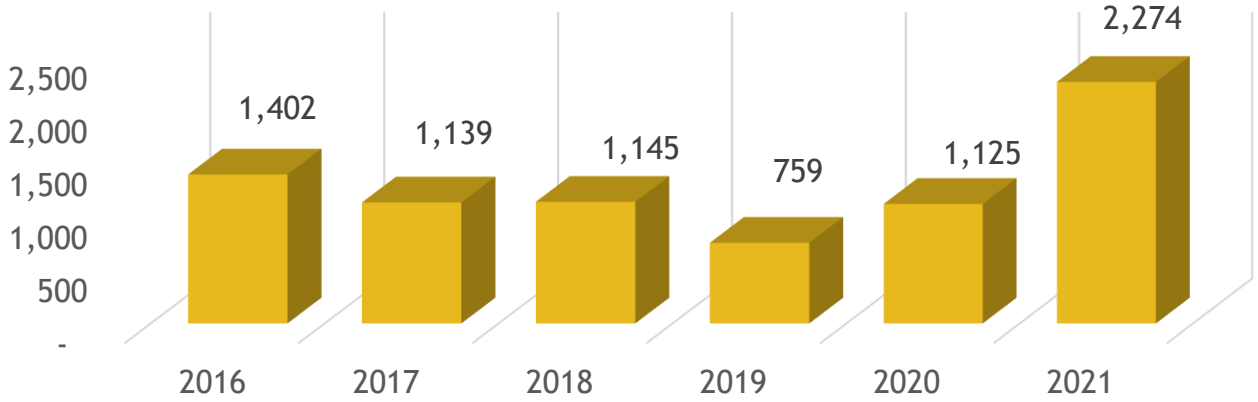

Total Sales (Rs. Millions)
30,000
25,000
20,000
15,000
10,000
5,000
-
12,478
14,465
17,828
21,750
22,492
27,531
2016
2017
2018
2019
2020
2021


Composition of Local and Export Sales (Rs. Millions)
30,000
25,000
20,000
15,000
10,000
5,000
-
10,055
11,706
14,839
17,744
18,863
22,343
2,423
2,760
2,989
4,006
3,629
5,188
2016
2017
2018
2019
2020
2021
Local Sales
Export Sales

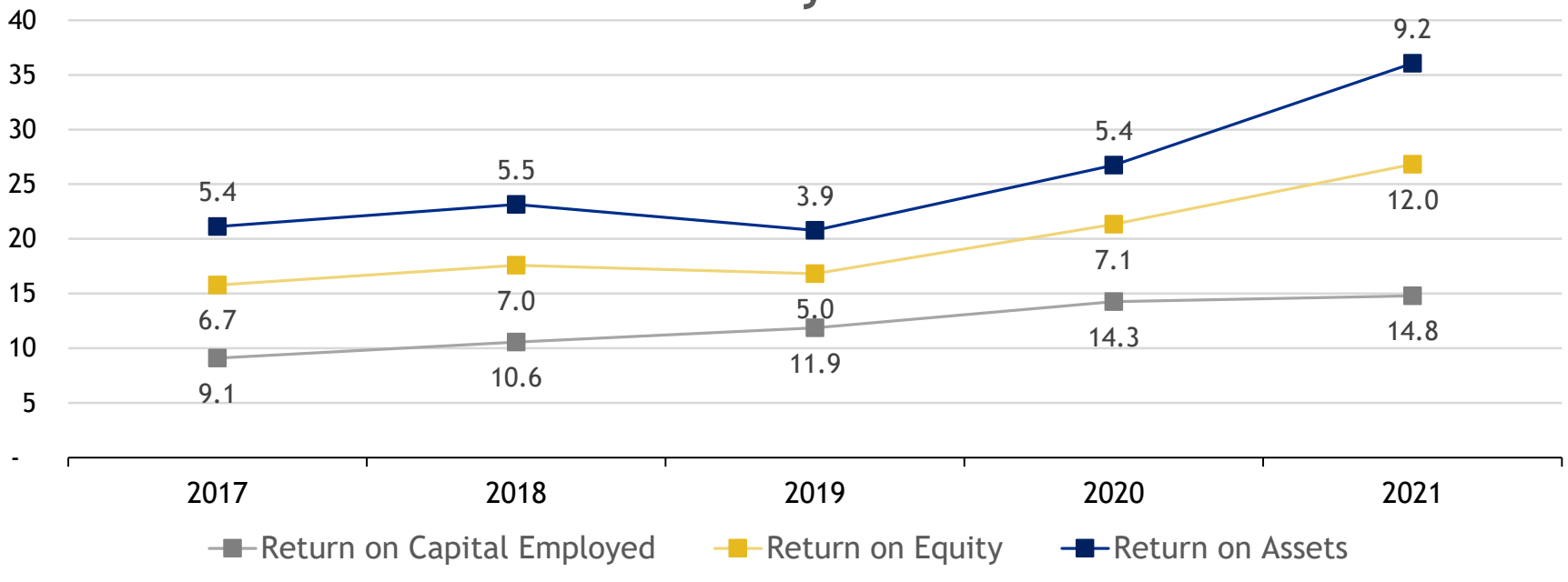
Gross Profit

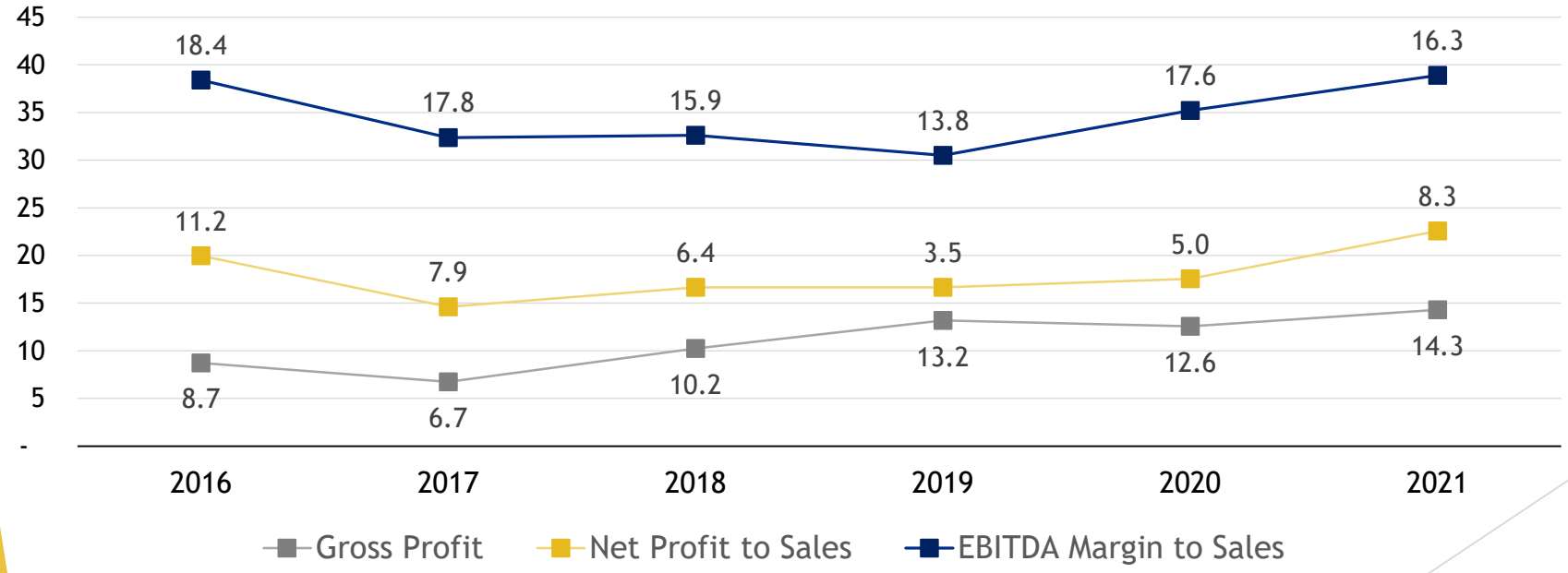


Net Profit

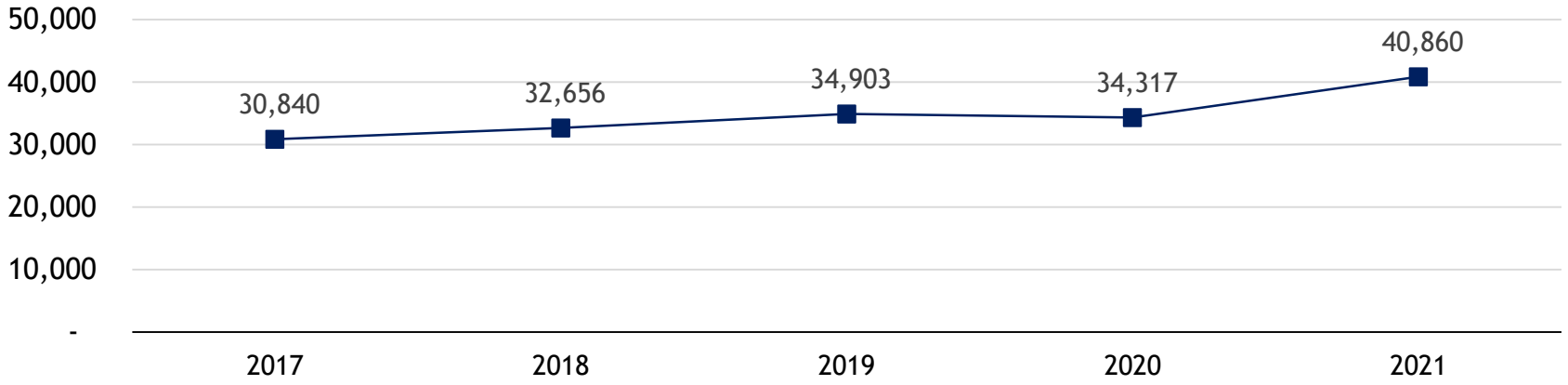


Profitability Ratios

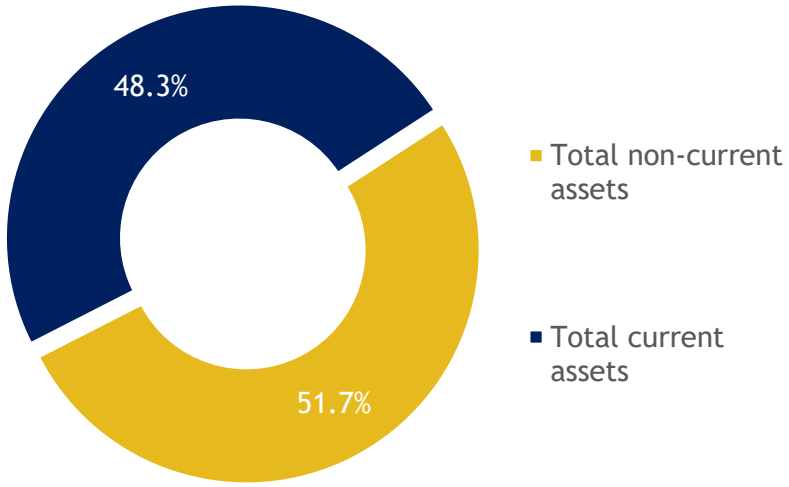




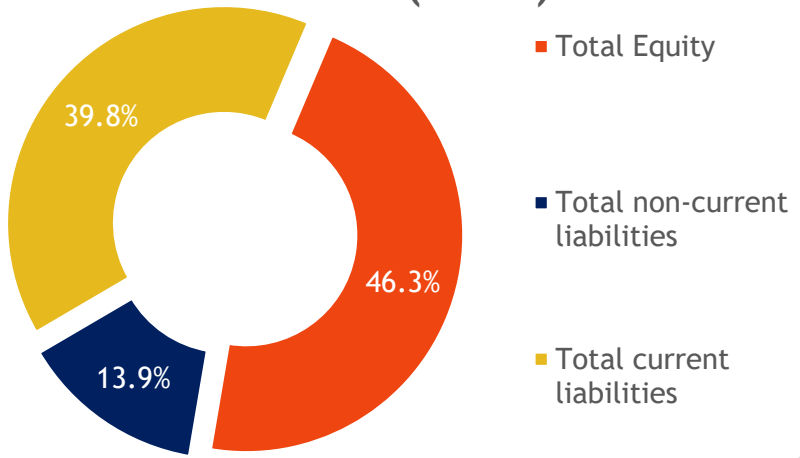
Balance Sheet Footing (Rs. Millions)



Total Assets (2021)



Total Equity & Liabilities (2021)



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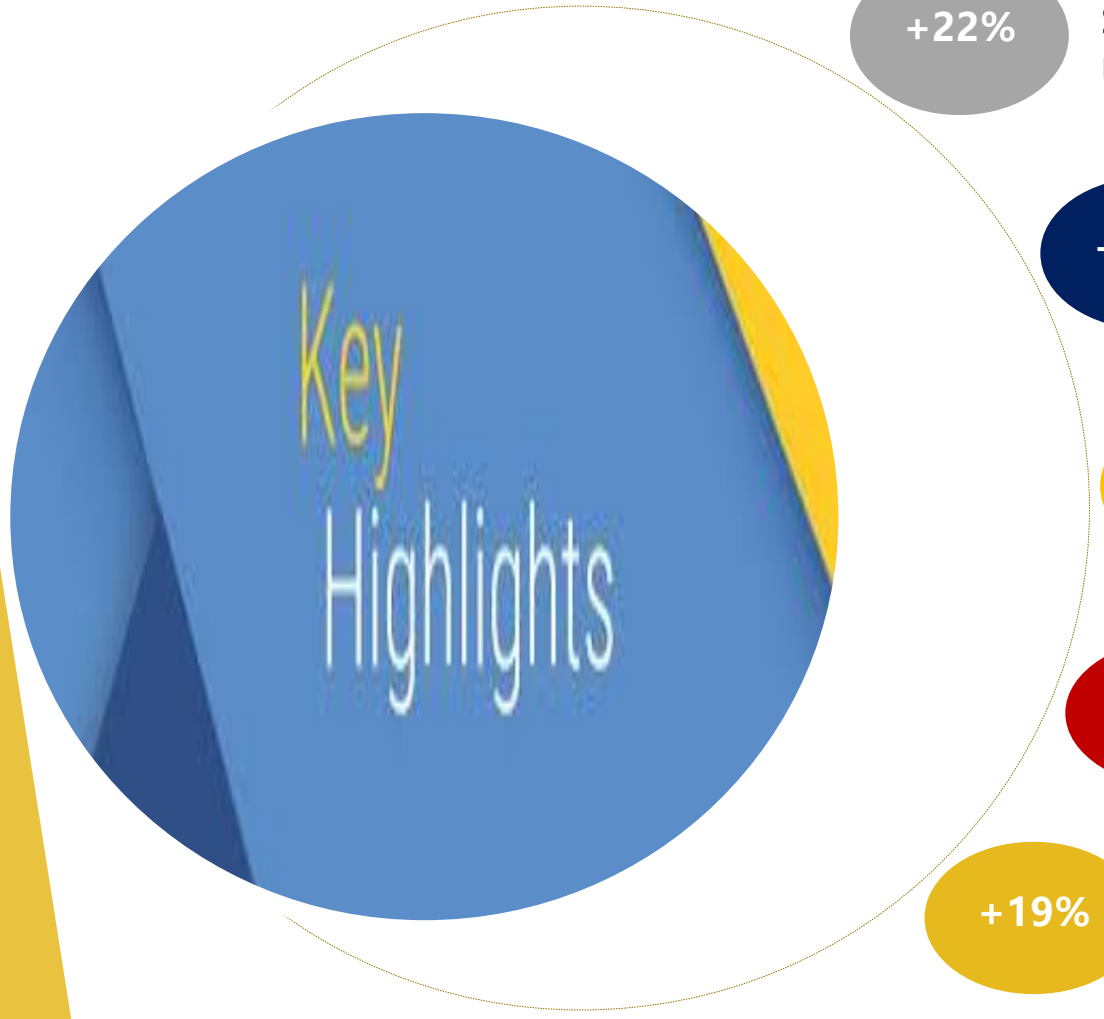
Financial Results 2021 vs 2020

Income Statement



+22% Sales Rs. 27,531 million (2020: Rs. 22,492 million)

+40% Gross Profit Rs.3,940 million (14.31% of sales) [2020: Rs.2,824 million (12.56% of sales)]

+102% Net Profit Rs.2,273 million (8.26% of sales) [2020: Rs. 1,125 million (5.00% of sales)]

+100% Dividend paid Rs.207 million (2020: Rs. Nil)

+19% Breakup value Rs. 915.1 (2020: Rs. 768.6) per share

Statement of value addition and its distribution

	2021		2020	
	Rs. (Millions)	%age	Rs. (Million)	%age
Value addition				
Sales	27,531	95.67	22,492	93.96
Other income	1,247	4.33	1,445	6.04
Total	**28,778**	**100.00**	**23,937**	**100.00**
Value distribution				
Cost of sales	23,592	81.97	19,668	82.16
Distribution expense	1,056	3.67	846	3.54
Administrative and other expenses	494	1.72	449	1.88
Finance cost	962	3.35	1,463	6.11
Income tax	400	1.39	386	1.61
Dividend to shareholders	207	0.72	-	0.00
Profit retained for future growth	2,067	7.18	1,125	4.70
Total	**28,778**	**100.00**	**23,937**	**100.00**

Balance Sheet Assets

2021		2020
40,860 million		34,317 million
12,898 million (32%)	Property, plant and equipment	11,904 million (34%)
11,156 million (27%)	Long term and short term investments	10,473 million (30%)
11,819 million (28%)	Stores and stocks	7,896 million (23%)
2,728 million (7%)	Trade debts	2,226 million (7%)
1,110 million (3%)	Taxes refund due form Government	880 million (3%)
1,149 million (3%)	Other assets	938 million (3%)

Balance Sheet Equity &Liabilities

2021		2020
40,860 million		34,317 million
18,915 million (46%)	Shareholders Equity	15,888 million (46%)
6,221 million (15%)	Total Long term liabilities	4,886 million (15%)
3,715 million (9%)	Trade Liabilities	2,477 million (7%)
10,940 million (27%)	Short Term Borrowings	10,026 million (29%)
399 million (1%)	Provision for Taxation	393 million (1%)
670 million (2%)	Other Liabilities	647 million (2%)

Consolidated Income Statement

	2021	2020
	Rs. (Million)	Rs. (Million)
Sales	39,732	32,717
Cost of sales	(32,556)	(25,209)
Gross profit	**7,176**	**7,508**
Distribution cost	(1,057)	(847)
Administrative and other expenses	(797)	(611)
Other income	787	585
Finance cost	(1,423)	(2,427)
Share of profit of associated companies	334	359
Profit before taxation	**5,020**	**4,567**
Taxation	(404)	(387)
Profit after taxation	**4,616**	**4,180**

Consolidated Balance Sheet - Assets

	2021	2020
	Rs. (Million)	Rs. (Million)
Property, plant and equipment	24,923	24,427
Long and short term investments	8,612	7,617
Stores and stocks	12,095	8,013
Trade debts	15,463	12,760
Cash and banks	519	814
Other assets	3,238	2,550
Total	**64,850**	**56,181**

Consolidated Balance Sheet - Equity & liabilities

	2021	2020
	Rs. (Million)	Rs. (Million)
Equity of parent shareholders	29,281	24,712
Non-controlling interest	5,877	5,273
Long term financing	6,221	5,474
Trade liabilities	5,395	4,317
Short term borrowing	16,958	15,264
Taxation	400	395
Other liabilities	718	746
Total	**64,850**	**56,181**

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Future Outlook

Future Outlook

The successful response of the Government to control the COVID-19 pandemic together with multiple measures taken by the Central Bank have greatly helped in reducing negative impact of the pandemic on the economic activity, particularly on textile exports during the year.

Despite the unprecedented situation caused by the pandemic, your company has been able to achieve considerable growth in terms of sales and profitability compared to previous years. However, future dynamics of textile sector are quite challenging due to continuous drop in local cotton crop coupled with sharp increase in cotton prices in domestic and international markets. Furthermore, any escalation in energy tariffs would also result in loss of competitiveness of our textile exports in global markets.

In anticipation of rising cotton prices and rupee devaluation, your management has formulated an effective raw material procurement strategy to ensure that the current trend of growth in sales and profitability may continue during next year as well.

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Q & A Session

Thank You!