

316, Cotton Exchange Building,
I.I.Chundrigar Road, Karachi (Pakistan)
UAN:92 021 111000100 Fax: 92 021 32416705
E-mail: contact@sapphiretextiles.com.pk



Sapphire Fibres Limited

7-A/K, Main Boulevard, Gulberg-II,
Lahore (Pakistan)
UAN: 92 042 111 000 100 Fax:92 042 35758783, 35713753

TQ/2019

September 26, 2019

The General Manager,
Pakistan Stock Exchange Ltd.,
Stock Exchange Building,
Stock Exchange Road,
Karachi.

Subject : FINANCIAL RESULTS FOR THE YEAR ENDED 30-06-2019

Dear Sir,

We have to inform you that the Board of Directors of our company in their Meeting held at 04:00 p.m. on Thursday the 26th day of September 2019, recommended the following:

CASH DIVIDEND

A final Cash Dividend for the year ended 30th June, 2019 @ Rs.8.00 per share i.e. 80%.

RIGHT SHARES

The Board has recommended to issue 5% Right Shares at a premium of Rs.250/- per share in proportion of 5 shares for every 100 shares.

The financial results of the Company are enclosed herewith as Annexure 'A' and Annexure 'B':

The Annual General Meeting of the Company will be held at 04:45 p.m. on 25th October, 2019 at Trading Hall, Cotton Exchange Building, I.I.Chundrigar Road, Karachi.

The above entitlement will be paid to the shareholders whose names appear in the Register of the Members on 18th October, 2019.

The Share Transfer Books of the Company will be closed from 19th October, 2019 to 25th October, 2019 (both days inclusive). Transfers received at THK Associates (Private) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi at the close of business on 18th October, 2019 will be treated in time for the purpose of above entitlement to the transferee.

The Annual Report of the Company will be transmitted through PUCARS atleast 21 days before holding of Annual General Meeting.

Yours faithfully,
for SAPHIRE FIBRES LIMITED

A handwritten signature in black ink, appearing to be the name of the Secretary, written over a horizontal line.

Secretary.

CC:

The Director/HOD
Surveillance, Supervision and Enforcement Department
The Securities and Exchange Commission of Pakistan
NIC Building 63- Jinnah Avenue, Blue Area
Islamabad.



Enclosed herewith the following information / documents:

- i) Certified true copy of Board Resolution dated September 26, 2019 (**Annexure C**)
- ii) A statement containing purpose of right issue, benefit to the company, use of funds and financial projections for five (5) years duly signed by Directors present at the meeting is attached herewith (**Annexure D**)
- iii) Certificate of "Free Reserves" from auditors under regulation 3 (2) of Companies (further issue of shares) Regulations 2018 (**Annexure - E**)

Annexure 'A'

**SAPPHIRE FIBRES LIMITED
FINANCIAL RESULTS (STANDALONE)
FOR THE YEAR ENDED**

	Year Ended June 30, 2019 Rupees	Year Ended June 30, 2018 Rupees
Sales	21,750,250,244	17,828,047,476
Cost of sales	<u>(18,885,553,558)</u>	<u>(16,002,641,641)</u>
Gross profit	2,864,696,686	1,825,405,835
Distribution cost	(721,021,399)	(590,408,425)
Administrative expenses	(313,197,951)	(303,556,412)
Other income	530,368,131	1,419,921,464
Other expenses	<u>(82,517,989)</u>	<u>(169,870,849)</u>
Profit from operations	2,278,327,478	2,181,491,613
Finance cost	<u>(1,262,472,764)</u>	<u>(732,876,733)</u>
Profit before taxation	1,015,854,714	1,448,614,880
Taxation	<u>(256,657,403)</u>	<u>(303,542,979)</u>
Profit after taxation	<u>759,197,311</u>	<u>1,145,071,901</u>
Earning per share - basic and diluted	38.56	58.16


SHAUKAT MAHMUD
COMPANY SECRETARY



Annexure 'B'

SAPPHIRE FIBRES LIMITED FINANCIAL RESULTS (CONSOLIDATED) FOR THE YEAR ENDED

	Year Ended June 30, 2019 Rupees	Year Ended June 30, 2018 Rupees
Sales	36,623,134,108	31,026,148,790
Cost of sales	<u>(29,514,785,680)</u>	<u>(26,031,065,558)</u>
Gross profit	7,108,348,428	4,995,083,232
Distribution cost	(721,021,399)	(590,408,425)
Administrative expenses	(419,447,386)	(446,679,598)
Other income	543,084,415	548,792,310
Other expenses	<u>(85,459,952)</u>	<u>(201,360,679)</u>
Profit from operations	6,425,504,106	4,305,426,840
Finance cost	<u>(2,273,872,204)</u>	<u>(1,508,761,805)</u>
	4,151,631,902	2,796,665,035
Share of Loss of Associates	<u>175,049,348</u>	<u>(16,489,124)</u>
	4,326,681,250	2,780,175,911
Taxation	<u>(259,280,370)</u>	<u>(305,198,752)</u>
Profit after taxation	<u>4,067,400,880</u>	<u>2,474,977,159</u>
Attributable to:		
- Shareholders of the Parent Company	3,053,284,109	1,760,583,618
- Non-controlling interest	<u>1,014,116,771</u>	<u>714,393,541</u>
	<u>4,067,400,880</u>	<u>2,474,977,159</u>
Earning per share – attributable to the Shareholders of Parent Company	155.09	89.43


SHAUKAT MAHMUD
COMPANY SECRETARY

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Annexure

Sapphire Fibres Limited

7-A/K, Main Boulevard, Gulberg-II,
Lahore (Pakistan)

UAN: 92 042 111 000 100 Fax:92 042 35758783, 35713753

Extracts of Resolution Passed by the Board of Directors of M/s. Sapphire Fibres Ltd in their Meeting Held on 26th September, 2019 at 4.00 pm at its office at 7-A/K, Main Boulevard Gulberg II, Lahore

“RESOLVED THAT pursuant to the requirement of provision of section 83 of Companies Act. 2017 (the “Act”), the Company be and is hereby authorized to increase its paid-up capital from Rs. 196,875,000 to Rs. 206,671,875 by issue of further 984,375 ordinary shares of Rs. 10/- each as Right shares to be offered to the existing shareholders of the Company at Rs. 260/- per share, including premium of Rs. 250/- per share in the proportion of 5 shares for every 100 shares held (@5%), which shall rank pari passu in all respect with the existing ordinary shares of the Company;

FURTHER RESOLVED that the size of Rights Issue, issue price, purpose of the Rights Issue, benefits to the Company, use of the proceeds of the Rights Issue, the risks factor associated with the Rights Issue and financial projections as mentioned in the statement therein, be and hereby are approved;

FURTHER RESOLVED that the Chief Executive Officer, Chief Financial Officer and/or the Company Secretary, be and are hereby authorized to appoint any consultants / advisor for right issue, announce book closure dates or any change therein, prepare Rights issue plan, make any amendments therein, and get formal approval of the same from the Pakistan Stock Exchange Limited (“PSX”);

FURTHER RESOLVED that the Chief Executive Officer, Chief Financial Officer and/or the Company Secretary, be and are hereby singly or jointly authorized to appoint the bankers to the Right issue in order to collect the Right subscription money against Right shares and to open an account in the name of “Sapphire Fibres Ltd - Rights Shares Subscription Account” with any of the above bank(s) so appointed and that the Chief Executive Mr. Shahid Abdullah & Director Mr. Shayan Abdullah be and are hereby authorized to maintain and operate the bank accounts and give instructions for transfer of proceeds from right subscription to the Company’s other bank accounts;

FURTHER RESOLVED that the Chief Executive Officer, Directors and / or the Company Secretary be and are hereby authorized singly / jointly to take all necessary actions as required by the Central Depository Company of Pakistan Limited (the “CDC”) including but not limited to induction of the offer for Right shares and Right shares in Central Depository System of the CDC and in this connection to sign all requisite application forms, documents, undertakings and other papers on behalf of the company;

FURTHER RESOLVED that the Chief Executive Officer, Directors and/or the Company Secretary be and are hereby authorized to take any and all necessary steps for issuance of letters of offer under section 83 of the Companies Act, 2017 (the “Act”) and related Circulars along with terms and conditions stipulated therein, obtain signatures under the Act and file the requisite returns / notices in the Company Registration Office, the Securities and Exchange Commission of Pakistan (“SECP”) and the PSX as the case may be and to do all such actions as are required under law or otherwise deemed necessary for issuance of aforementioned right shares;

Certified True Copy

A handwritten signature in black ink, appearing to be the name of the Secretary.

Secretary

**ISSUE OF RIGHT SHARES
STATEMENT OF PURPOSE, BENEFITS, USE OF FUNDS
AND FINANCIAL PROJECTIONS**

Quantum of Issue	The issue size is 5% (984,375 shares) of existing share capital (19,687,500 ordinary shares) i.e. 5 shares for every 100 shares held.					
Issue Price	The Right shares will be offered at an issue price of Rs.260 per share including premium of Rs.250 per share.					
Purpose of Right Issue	The purpose of the right issue at premium is to strengthen the working capital of the company, reduction in debts and reduce the financial cost of the company.					
Benefits to the Company	The funds received from the Right Issue will help Company to: <ul style="list-style-type: none"> i. Improve the debt equity ratio ii. Improve Financial health iii. Improve liquidity 					
Use of funds	The funds generated from the right issue will be utilized for working capital requirements of the Company as Financial costs have increased.					
Risk factors associated with the Right Issue; if any	Right issue of Company is being made at a price which is far less than current share price in the market and hence there is no major investment risk associated with the right issue. Normal risks associated with the business will remain, however, the Company is well placed in the market with proven track record which will help to mitigate such risk factors.					
Justification for Issue of Shares at Premium	The current market price of shares of SFL is above Rs. 695. The premium is charged to justify with the market price per share of shares. The break-up value per share for the year 2018 was Rs. 827.10 and for the year 2019 is Rs. 776.49, which is higher than the right issue price.					
Financial Projections		2020 (Rs. in Million)	2021 (Rs. in Million)	2022 (Rs. in Million)	2023 (Rs. in Million)	2024 (Rs. in Million)
	Turnover	22,857	24,034	25,284	26,576	27,966
	Profit after Tax	1,264	1,323	1,401	1,459	1,551
	EPS (Rs.)	62.64	65.59	69.43	72.31	76.87
	Share Capital	206.671	206.671	206.671	206.671	206.671
	Note: The financial projections provided herein are based on the bonafide perception of the Directors regarding the performance of business in current business environment. The Company or its Directors do not					

	accept any liability for any investment decisions by any person on the basis of above financial projections.
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Approved by Directors:

1) *[Signature]*

3) *[Signature]*

5) *[Signature]*

7) *[Signature]*

2) *[Signature]*

4) *[Signature]*

6) *[Signature]*

8) _____



51/S-25/2019-20

September 26, 2019

The Chief Executive Officer,
Sapphire Fibres Limited,
316, Cotton Exchange Building,
I.I Chundrigar Road,
KARACHI.

Dear Sir,

AUDITORS' CERTIFICATE ON FREE RESERVES

We have been requested to provide you with a certificate on computation of free reserves of Sapphire Fibres Limited (the Company) as required under the Companies (further issue of shares) Regulations, 2018 (the Regulations).

Scope of certificate

The requirement of clause (2) of Regulation 3 of the Regulations is reproduced below;

"(2) In case of a listed company, a premium may be charged on right shares up to the free reserves per shares as certified by the auditors of the Company and the said certificate shall be submitted to the Commission and securities exchange along with announcement of right issue."

Management responsibility

It is the responsibility of the Company's management to prepare and ensure the computation of free reserves in accordance with the Regulations. The management's responsibility also includes maintenance of accounting records and internal controls system, the selection and application of accounting policies, safeguarding of the assets of the Company and prevention and detection of fraud and irregularities. This certificate does not relieve the management of its responsibilities.

Auditors' responsibility

Our responsibility is to issue a certificate on computation of free reserves for the issue of right shares as required under the Regulations in accordance with the 'Guidelines for Issue of Certificates for Special Purposes by Practicing Chartered Accountant Firms' issued by the Institute of Chartered Accountants of Pakistan. Our verification was limited to the procedures as mentioned below:

- Obtained computation for free reserves and checked the amounts, including other relevant information used for computation with the trial balance, audited financial statements of the Company for the year ended June 30, 2019; and

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- Checked that the total free reserves do not include any reserve created as a result of revaluation of fixed assets or any intangible or fictitious assets such as development allowance reserve or goodwill. Further we reviewed the contingent liabilities outstanding as at June 30, 2019 to determine the contingent loss, if any, falling within the scope of the paragraph 14 of International Accounting Standard 37 "Provisions, Contingent Liabilities and Contingent Assets" and confirm that all such liabilities have been accounted for which are deductible from the free reserves of the Company.

Certificate

Based upon the procedures mentioned under Auditors' responsibility paragraph, we certify that the free reserves of the Company as at June 30, 2019 are Rs. 11,484,914,229 which works out to be Rs. 583.36 per share.

Restriction on use and distribution

This certificate is being issued in the capacity of statutory auditors of the Company on the specific request of the management for the purpose of issue of right shares to shareholders of the Company as required under the Regulations and is not to be used or distributed for any other purpose. This certificate is restricted to the fact stated herein.

Yours truly,

ShineWing Hameed Chaudhri & Co.
SHINEWING HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS