

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

Notice is hereby given that the Extraordinary General Meeting of the shareholders of Sapphire Textile Mills Limited (The "Company") will be held on Wednesday, June 21, 2023 at 312, Cotton Exchange Building, I.I. Chundrigar Road, Karachi at 02:30 p.m. to transact the following business:

Ordinary Business

1. To confirm the minutes of the last General Meeting.

Special Business

2. To consider and, if thought fit, pass, with or without modification, the following special resolutions, to increase in authorized capital consequently alteration in the memorandum and articles of Association of the company.

(a) **RESOLVED THAT** the authorized share capital of the company be increased from Rs. 350,000,000/- (Rupees Three Hundred Fifty Million) to Rs. 25,350,000,000/- (Rupees Twenty-Five Billion Three Hundred Fifty Million).

(b) **RESOLVED THAT** the Memorandum of Association of the Company be altered by substituting for the figures and words Rs. 350,000,000 (Rupees Three Hundred Fifty Million) and 35,000,000 (Thirty-Five Million) appearing in clause V, with the figures and words Rs. 25,350,000,000/- (Rupees Twenty-Five Billion Three Hundred Fifty Million) and 2,535,000,000 (Two Billion Five Hundred Thirty-Five Million) respectively.

(c) **RESOLVED THAT** the Articles of Association of the Company be altered by substituting for the figures and words Rs. 350,000,000 (Rupees Three Hundred Fifty Million) and 35,000,000 (Thirty-Five Million) appearing in article 5, with the figures and words Rs. 25,350,000,000/- (Rupees Twenty-Five Billion Three Hundred Fifty Million) and 2,535,000,000 (Two Billion Five Hundred Thirty-Five Million) respectively.

(d) **FURTHER RESOLED THAT** the Chief Financial Officer and/ or Company Secretary be and are hereby authorized to take any and all actions necessary to give effect to the above resolution and/ or to complete any or all necessary corporate and legal formalities.

Other business

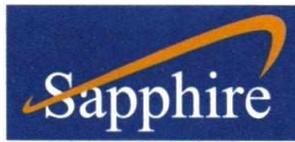
3. To transact any other business with the permission of the Chair

Statement under Section 134(3) of the Companies Act 2017 along with status of investment pertaining to the material facts are being sent to the shareholders along with this notice.

Karachi
May 30th, 2023

By Order of the Board

Zeeshan
Company Secretary

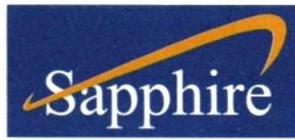
NOTE:

- 1) Share Transfer Books will remain closed and no transfer of shares will be accepted for registration from 16th June 2023 to 21st June, 2023 (both days inclusive). Transfers received in order, by the Company Registrar M/s. Hameed Majeed Associates (Private) Limited, situated at 4th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi, up to 15th June 2023, will be considered in time for the purpose of entitlement to attend and vote at the meeting.
- 2) A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote. Proxies in order, to be valid must be deposited at the Registered Office of the Company not less than 48 hours before the time of the meeting.
- 3) An instrument of proxy applicable for the meeting is being provided with the notice sent to the members. Further copies of the instrument may be obtained from the registered office of the Company during normal office hours. The proxy form can also be downloaded from the Company's website: www.sapphire.com.pk/stml.
- 4) The CDC account holders will further have to follow the under-mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan:
 - a) **For attending the meeting:**
 - i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his identity by showing his original computerized national identity card (CNIC) or original passport at the time of attending the meeting.
 - ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced at the time of the meeting.
 - b) **For appointing proxies:**
 - i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form accordingly.
 - ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC number shall be mentioned on the form.
 - iii) Attested copies of CNIC or the passport.
 - iv) The proxy shall produce his/her original CNIC or original passport at the time of meeting.
 - v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted along with proxy form to the company.
- 5) Any change of address of members should be immediately notified to the company's share registrar, M/s. Hameed Majeed Associates (Private) Limited, situated at 4th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi.
- 6) In order to comply with the directives of the Securities and Exchange Commission of Pakistan, including in terms of Circular No. 4 of 2021, the Company has also arranged video conference facility for those members who are interested in participating virtually in the EOGM.

Special arrangements for participating in the EOGM through electronic means will be as under:

- a. EOGM will be held through Zoom application - a video link facility.
- b. Members interested in attending the EOGM through Zoom application are hereby requested to get themselves registered with the Company Secretary office by sending an e-mail with subject: "Registration for STML EOGM" at the earliest but not later than 48 hours before EOGM on E-mail: contact@sapphiretextiles.com.pk along with a valid copy of both sides of CNIC.

Members are advised to mention their Name, Folio/CDC Account Number, CNIC Number, Valid email address and cell number.



Upon receipt of the above informations from the interested members, the Company will send the login credentials at their e-mail address. On the date of EOGM, members will be able to login and participate in the EOGM proceedings through their smartphone/computer devices. The login facility shall be opened thirty (30) minutes before the meeting time to enable the participants to join the meeting after identification/ verification process.

- 7) The members are requested to submit a copy of their Computerized National Identity Card (CNIC), if not already provided and immediately notify changes if any to the registrar of the company M/s. Hameed Majeed Associates (Private) Limited, situated at 4th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi
- 8) Pursuant to Companies (Postal Ballot) Regulations 2018, special business members will be allowed to exercise their right to vote through postal ballot, that is voting by post or through E-voting, in accordance with the requirements and procedures contained in the aforesaid regulations. The procedure of postal ballot [e-voting and voting by post] shall be placed on the company's website seven (7) days before the meeting.
- 9) Deposit of physical certificate(s) in CDC Account: As per section 72 of Companies Act, 2017, every listed company shall be required to replace its physical certificates with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of the Companies Act, 2017.

Accordingly, a member having physical shares are encouraged to open a CDC sub-account with a broker or Investor Account directly with CDC to place their physical certificates into scrip less form.

- 10) An updated list of unclaimed dividends/shares of the Company is available on the Company's website www.sapphire.com.pk/stm/. These are unclaimed dividends/shares which have remained unclaimed or unpaid for three years from the date these have become due and payable.
- 11) The Company shall provide video conference facility to its members for attending the General Meeting at places other than the town in which general meeting is taking place, provided that if members, collectively holding 10% or more shareholding residing at a geographical location, provide their consent to participate in the meeting through video conference at least 07 days prior to date of the meeting, the Company shall arrange video conference facility in that city subject to availability of such facility in that city.

In this regard, please fill the following form and submit to registered address of the Company (7) days before holding of the General Meeting:

"I/We, _____ of _____ being a member of Sapphire Textile Mills Limited Ltd, holder of _____ Ordinary Shares as per registered folio # _____ hereby opt for video conference facility at _____."

Signature of Member

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

Agenda no. 2

The Board of Directors in the meeting held on 29 May, 2023 has proposed to increase authorized capital of the Company from Rs. 350,000,000/- to Rs. 25,350,000,000/-. The purpose of this enhancement is to cater for future increase in paid up capital as and when deemed necessary and in the best interest of the company and its stakeholders.

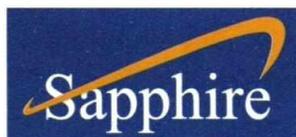
Comparison of existing and proposed alterations in the capital clauses of Memorandum & Articles of Association, are provided below:



Memorandum of Association	
Existing Clause V	Proposed / New Clause V
<p>The Capital of the Company is Rs. 350,000,000/- (Rupees Three Hundred Fifty Million) divided into 35,000,000 Ordinary shares of Rs. 10/- (Rupees Ten) each with rights, privileges and conditions attaching thereto as are provided by the regulations of the Company for the time being, with power to increase or reduce the capital and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such special rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company, and to vary, modify or abrogate any such right, privileges or conditions in such manner as may for the time being be provided by the regulations of the Company in accordance with law; provided however, that rights as between various classes of ordinary shares (if any) as to profits, votes and other benefits shall be strictly proportionate to the paid-up value of the shares</p>	<p>The Capital of the Company is Rs. 25,350,000,000/- ((Rupees Twenty-Five Billion Three Hundred Fifty Million)) divided into 2,535,000,000 Ordinary shares of Rs. 10/- (Rupees Ten) each with rights, privileges and conditions attaching thereto as are provided by the regulations of the Company for the time being, with power to increase or reduce the capital and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such special rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company, and to vary, modify or abrogate any such right, privileges or conditions in such manner as may for the time being be provided by the regulations of the Company in accordance with law; provided however, that rights as between various classes of ordinary shares (if any) as to profits, votes and other benefits shall be strictly proportionate to the paid-up value of the shares.</p>

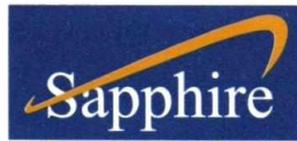
Articles of Association	
Existing Clause 5	Proposed / New Clause 5
<p>The Capital of the Company is Rs. 350,000,000/- (Rupees Three Hundred Fifty Million) divided into 35,000,000 Ordinary shares of Rs. 10/- (Rupees Ten) each with rights, privileges and conditions attaching thereto as are provided by the regulations of the Company for the time being, with power to increase or reduce the capital and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such special rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company, and to vary, modify or abrogate any such right, privileges or conditions in such manner as may for the time being be provided by the regulations of the Company in accordance with law; provided however, that rights as between various classes of ordinary shares (if any) as to profits, votes and other benefits shall be strictly proportionate to the paid-up value of the shares.</p>	<p>The Capital of the Company is Rs. 25,350,000,000/- ((Rupees Twenty-Five Billion Three Hundred Fifty Million)) divided into 2,535,000,000 Ordinary shares of Rs. 10/- (Rupees Ten) each with rights, privileges and conditions attaching thereto as are provided by the regulations of the Company for the time being, with power to increase or reduce the capital and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such special rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company, and to vary, modify or abrogate any such right, privileges or conditions in such manner as may for the time being be provided by the regulations of the Company in accordance with law; provided however, that rights as between various classes of ordinary shares (if any) as to profits, votes and other benefits shall be strictly proportionate to the paid-up value of the shares..</p>

None of the directors are in any way interested or concerned in the resolution except to the extent of their shareholding in the Company. The said alteration will not affect anyone's interest unfavorably in the company. Such new shares, whenever issued, shall rank Pari passu with existing shares in all respect.



STATEMENT UNDER RULE 4(2) OF THE COMPANIES (INVESTMENT IN ASSOCIATED COMPANIES OR ASSOCIATED UNDERTAKINGS) REGULATIONS, 2017

Company / Date of Resolution	Amount of Investment approved	Amount of Investment made to date	Reason
Sapphire Wind Power Company (SWPCL) Limited 17 th February, 2014 & subsequently amended on 26 th Oct, 2015	Collateral/security as may be required by the issuing bank to issue a Stand by Letter of Credit (SBLC) in PKR equivalent up to approximately USD 10 Million in order to secure certain obligations of SWPCL.	Nil	This amount was amended in AGM held on 26 th Oct, 2015 in order to secure the obligation of SWPCL in relation to the required balance of the Debt Service Reserve
Triconboston Consulting Corporation (Private) Limited (TBCCPL), 27 th March 2017	Security / collateral as may be required by the issuing banks in order for the same to issue debt service reserve standby letters of credit together with any replacement standby letters of credit in order to secure the amount up-to USD 24 Million (United States Dollars Twenty-Four Million);	SBLC = USD 291,147	This amount was approved in the EOGM Dated 27 th March, 2017 and is in the process of implementation as and when required.
Triconboston Consulting Corporation (Private) Limited (TBCCPL), 27 th March 2017	Security / collateral as may be required by the issuing banks in order for the same to issue excess debt standby letters of credit together with any replacement standby letters of credit in order to secure the amount up-to USD 15 Million (United States Dollars Fifteen Million); and	Nil	This amount was approved in the EOGM Dated 27 th March, 2017 and is in the process of implementation as and when required
Triconboston Consulting Corporation (Private) Limited (TBCCPL), 27 th March 2017	To invest by way of loans and advances in the PKR equivalent upto USD 11.3 Million (United States Dollars Eleven Million Three Hundred Thousand) for a period of up-to five (5) years from the commercial operations date of the last of the three (approximately) 150MW wind power Project, and to arrange and deliver: (i) standby letters of credit together with any replacement standby letters of credit in order to secure the Available Contingency Commitment Amount, in favour of the agent/security trustee.	Nil	This amount of loan was approved in the EOGM Dated 27 th March, 2017 and is in the process of implementation as and when required



MATERIAL CHANGES IN FINANCIAL STATEMENTS OF ASSOCIATED COMPANY

1. SAPPHIRE WIND POWER COMPANY LIMITED

The Company is 70% owned by Sapphire Textile Mills Ltd and 30% by Bank Alfalah Limited. The Company has set up a wind farm with capacity of 52.80 MW at Jhampir Sindh, which started Commercial operations in Nov 2015 - the project is operating following best industry practices and is yielding satisfactory results.

Financial Results	Financial Year Ended June 30, 2022 Rupees	Financial Year Ended June 30, 2021 Rupees	Financial Year Ended June 30, 2016 Rupees
Net Sales	3,799,025,266	3,012,817,111	1,584,896,926
Gross Profit	2,468,368,601	1,715,180,871	1,020,332,620
Profit Before Tax	2,041,321,505	1,236,705,165	678,614,077
Profit After Tax	2,038,017,669	1,236,705,165	678,235,929

2. TRICONBOSTON CONSULTING CORPORATION (PRIVATE) LIMITED

Triconboston Consulting Corporation (Private) Limited was incorporated under the laws of Pakistan and operating (3) three projects (Project A, Project B and Project C) having capacity of 49.735 MW each in Jhampir Sindh. The Company has achieved Commercial Operations Date ('COD') on August 16, 2018, September 14, 2018 and September 11, 2018 by Project A, Project B and Project C respectively. The projects are operating following best industry practice and is yielding satisfactory results.

Financial Results	Financial Year Ended June 30, 2022 Rupees	Financial Year Ended June 30, 2021 Rupees	Financial Year Ended June 30, 2017 Rupees
Net Sales	11,814,570,375	9,203,400,224	-
Gross Profit / (Loss)	8,361,189,562	5,844,000,975	(93,798,217)
Profit / (Loss) Before Tax	6,608,971,350	4,146,851,260	(94,039,713)
Profit / (Loss) After Tax	6,576,681,639	4,120,734,125	(95,055,582)