

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that 54th Annual General Meeting of Sapphire Textile Mills Limited ('The Company') will be held on Wednesday, 26th October, 2022 at 11.30 a.m. at Trading Hall, situated at Cotton Exchange Building, I. I Chundrigar Road, Karachi to transact the following business:

Ordinary Business:

1. To confirm minutes of the last Annual General Meeting.
2. To receive, consider and adopt the Audited Financial Statements together with Chairman's, Directors' and Auditors' Reports for the year ended 30th June, 2022.
3. To approve final Dividend for the year ended 30th June, 2022.
4. To appoint auditors and fix their remuneration for the year ending 30th June 2023. The board has recommended the name of M/s. Shinewing Hameed Chaudhri & Company, Chartered Accountants as statutory auditors of the company in place of retiring Auditors M/s. EY Ford Rhodes, Chartered Accountants.

Special Business:

5. To approve by way of special resolutions with or without modification the following resolutions in respect of related party transactions in terms of Section 208 of the Companies Act, 2017.
 - (i) "RESOLVED THAT the related Parties transactions conducted during the year as disclosed in the note 43 of the unconsolidated financial statements for the year ended 30th June, 2022, be and are hereby ratified, approved and confirmed."
 - (ii) "RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to approve the transactions to be conducted with Related Parties on case-to-case basis during the financial year ending 30th June, 2023."

"FURTHER RESOLVED those transactions approved by the Board shall be deemed to have been approved by the shareholders and shall be placed before the shareholders in the next Annual General Meeting for their formal ratification/approval."

Any other Business:

6. To transact any other business with the permission of the chair.

Statements under Section 134 (3) pertaining to the special business of the Companies Act, 2017 and under the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 are annexed

Karachi
Dated: 26th September, 2022

By Order of the Board

Zeeshan
Company Secretary



NOTE

- 1) The Share Transfer Books of the Company will remain closed and no transfer of shares will be accepted for registration from 20th October, 2022 to 26th October, 2022 (both days inclusive). Transfers received in order, by the M/s. Hameed Majeed Associates (Private) Limited Company Registrar, 4th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi, up to 19th October, 2022, will be considered in time to entitle the transferees for payment of dividend and to attend the AGM.
- 2) A member entitled to attend and vote at this meeting is entitled to appoint another member as his/her proxy to attend and vote. 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
- 3) Duly completed instrument of proxy, and the other authority under which it is signed, thereof, must be lodged with the secretary of the company at the company's registered office 212, Cotton Exchange Building, I.I.Chundrigar Road, Karachi at least 48 hours before the time of the meeting.
- 4) Any change of address of members should immediately be notified to the Company's Share Registrars, M/s. Hameed Majeed Associates (Private) Limited, 4th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi.

Participation in AGM through Video Link

Shareholders who wish to participate virtually in the AGM are requested to share below information at contact@sapphiretextiles.com.pk at least seven days prior to the date of the meeting.

Name of Shareholder	CNIC Number	Folio / CDC Account Number	Registered email Address	Cell Number

Video conference link details and login credentials shall be shared with those shareholders whose information are received through their registered e-mail address within specified time. Furthermore, the said facility shall be login from the registered email address only.

- On the day of AGM, the shareholders will be able to login and participate in the AGM proceedings through their smart phone or computer devices from their any convenient location.
 - The login facility will be opened thirty (30) minutes before the meeting time to enable the participants to join the meeting after identification process and verification process.
- 5) In compliance with regulatory directives issued from time to time, members who have not yet submitted copy of their valid CNIC/NTN are requested to submit the same to the Company, with members' folio number mentioned thereon for updating record.
 - 6) Members can exercise their right to demand a poll subject to meeting requirements of section 143-145 of the companies Act 2017 and applicable clause of the Companies (Post Ballot) Regulations, 2018.
 - 7) **Online payment of Dividend through Electronic fund transfer (EFT) - (Mandatory Requirement)**

In accordance with the provisions of Section 242 of the Companies Act and Companies (Distribution of Dividends) Regulation 2017, a listed company, is required to pay cash dividend to the shareholders ONLY through electronic mode directly into the bank account designated by the entitled shareholders. In this regard, Sapphire Textile Mills Limited has already sent letters and Electronic Credit Mandate Forms to the shareholders.



Those shareholders who have still not provided their IBAN are once again requested to fill in "Electronic Credit Mandate Form" as reproduced below and send it duly signed along with a copy of valid CNIC to their respective CDC participant / CDC Investor account services (in case of shareholding in Book Entry Form) or to the Company's Share Registrar M/s. Hameed Majeed Associates (Private) Limited, 4th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi (in case of shareholding in Physical Form).

1.	Shareholders' Detail	Description
	Name :	
	Folio# / CDC (IAS/SUB) Account No.	
	CNIC No. (Copy attached)	
	Mobile/ Landline No.	
2.	Shareholders' Bank Detail	
	Title of Bank Account	
	International Bank Account No. (IBAN)	
	Bank's Name	
	Branch Name and Address	

In case of IBAN not provided, the Company will have to withhold the cash dividend according to SECP directives.

- (i) Pursuant to the provisions of Section 150 of the Income Tax Ordinance, 2001 the rates of deduction of Income tax from dividend payments will be as follows:

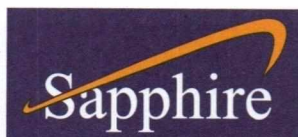
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|----|---------------------------------------|-----|
| a) | For filers of income tax returns: | 15% |
| b) | For non-filers of income tax returns: | 30% |

All Shareholders are advised to check their status on Active Taxpayers List (ATL) available on Federal Board of Revenue (FBR) website and if required take necessary actions for inclusion of their name in ATL. In case a person's name does not appear in the ATL, the applicable tax rate will be increased by hundred percent.

Withholding Tax exemption from the dividend income shall only be allowed if copy of valid tax exemption certificate is made available to our Share Registrar by first day of Book Closure.

Zakat is also deductible at source from the dividend at the rate of 2.5% of the face value of the share, other than corporate holders or individuals who have provided an undertaking for non-deduction of zakat. To claim exemption from compulsory deduction of Zakat, shareholders are requested to submit a notarized copy of Zakat Declaration Form "CZ-50" on non-judicial stamp paper of Rs. 50.00 to the Shares Registrar, before the date of book closure.

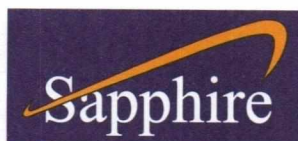
- (ii) Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint-holder (s) based on their shareholding proportions, in case of joint accounts. In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them to our Share Registrar, in writing as follows:



Company Name	Folio / CDC (IAS/ SUB) Account #	Total Shares	Principal Share Holder		Joint Shareholder(s)	
			Name and CNIC #	Share Holding Proportions (No of Shares)	Name and CNIC #	Share Holding Proportions (No of Shares)

The required information must reach our Share Registrar within 10 days of this notice, otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Shareholder(s).

- (iii) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or M/s. Hameed Majeed Associates (Private) Limited. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.
- 8) As per section 72 of the Companies Act, 2017, every existing company shall be required to replace its physical shares 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 commence of this Act i.e., May 30, 2017. The Shareholders having physical shareholding may open CDC Sub-account with any of the broker or investor account directly with CDC to place their physical share into scripless form.
- 9) In pursuance of the directions given by the Securities and Exchange Commission of Pakistan (SECP) vide SRO 787 (I) / 2014 dated September 8, 2014, members who wish to receive the Company's Annual Report and Notices by email are requested to provide their consent via e-mail at contact@sapphiretextiles.com.pk
- 10) The Financial Statements of the company for the year ended 30th June, 2022 along with reports have been placed on the company's website www.sapphire.com.pk/stml. However, if a shareholder, requests for hard copy of the Annual Audited Financial Statements, the same shall be provided free of cost within seven (07) days of receipt of such request.
- 11) An updated list for unclaimed dividends/shares of the Company is available on the Company's website www.sapphire.com.pk/stml. These are unclaimed dividends/shares which have remained unclaimed or unpaid for a period of three years from the date these have become due and payable.
- 12) Pursuant to Section 134(1)(b) of the Act, shareholders residing in a city holding aggregate 10% or more shareholding may demand to participate in the meeting through video conference. The request for video-link facility shall be received by the Share Registrar at their address at least seven days prior to the date of the meeting on the Standard Form available on the website of the Company



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 17th February, 2014 & subsequently amended on 26th 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 26th 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), 27th 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 27th March, 2017 and is in the process of implementation as and when required.
Triconboston Consulting Corporation (Private) Limited (TBCCPL), 27th 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 27th March, 2017 and is in the process of implementation as and when required
Triconboston Consulting Corporation (Private) Limited (TBCCPL), 27th 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 Pproject, 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 27th 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 Jhimpir 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 Jhimpir 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)

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

1. Item relating to Number 5 (i) of the notice.

Ratification and approval of the related party transactions

The Company carries out transactions with its associates and related parties in accordance with its policies, applicable laws, regulations and with approval of board of directors of the company. However, during the year since majority of the Company's Directors are interested in certain transactions (by virtue of being the shareholder or common directorship), therefore due to absent of requisite quorum for approval in Board of Directors meeting, these transactions are being placed for the approval by shareholders in the Annual General Meeting.



All transactions with related parties to be ratified have been disclosed in the note 43 to the unconsolidated financial statements for the year ended 30th June, 2022.

The company carries out transactions with its related parties on an arm's length basis as per the approved policy with respect to 'transactions with related parties' in the normal course of business and periodically reviewed by the Board Audit Committee. Upon the recommendation of the Board Audit Committee, such transactions are placed before the board of directors for approval.

Transactions entered into with the related parties include, but are not limited to, sale & purchase of goods, dividends paid and received, investments made (in accordance with the approval of shareholders and board where applicable) and sharing of common expenses.

The nature of relationship with these related parties has also been indicated in the note 43 to the unconsolidated financial statements for the year ended 30th June, 2022.

2. Item relating to Number 5 (ii) of the notice.

Authorization for the Board of Directors to approve the related party transactions during the year ending 30th June, 2023.

The Company shall be conducting transactions with its related parties during the year ending 30th June, 2023 on an arm's length basis as per the approved policy with respect to 'transactions with related parties' in the normal course of business. The majority of Directors are interested in these transactions due to their common directorship in the subsidiary / associated companies. In order to promote transparent business practices, the Board of Directors seeks authorization from the shareholders to approve transactions with the related parties from time-to-time on case-to-case basis for the year ending 30th June, 2023 and such transactions shall be deemed to be approved by the Shareholders. The nature and scope of such related party transactions is explained above. These transactions shall be placed before the shareholders in the next AGM for their formal approval/ratification.