

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT 43rd Annual General Meeting of **SAPPHIRE FIBRES LIMITED** will be held at Trading Hall, Cotton Exchange Building, I. I. Chundrigar Road, Karachi on Wednesday the 26th day of October 2022 at 02:30 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of last Annual General Meeting.
2. To receive, consider and adopt the audited financial statements of the company for the year ended June 30, 2022 together with the Chairman's Review, Directors' and Auditors' Report thereon.
3. To approve final dividend for the year ended June 30, 2022.
4. To appoint auditors for the year ending 30th June 2023 and fix their remuneration. The present Auditors, M/s Shinewing Hameed Chaudhri & Co., Chartered Accountants retire and being eligible offer themselves for reappointment.

SPECIAL BUSINESS

5. To approve by way of special resolution with or without modification the following resolutions in respect of related party transaction 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 40 of the unconsolidated financial statements for the year ended June 30, 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 June 30, 2023.

"FURTHER RESOLVED that 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."

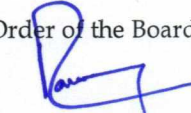
ANY OTHER BUSINESS

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

(Attached to this Notice is a Statement of Material Facts covering the above- mentioned Special Business, as required under section 134(3) of the Companies Act, 2017).

Karachi.
26 September 2022

By Order of the Board


Rameez Ghausi
Company Secretary

NOTES

1. Closure of share transfer books:
Share Transfer Books 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 THK Associates (Private) Limited, plot No. 32-C, Jami Commercial Street 2, D.H.A, Phase-VII, Karachi, up to 19th October 2022 will be entitled to attend and vote at the meeting.



2. A member entitled to attend and vote at this meeting is entitled to appoint another member as his/her proxy to attend, speak 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/sfl

In order to comply with the requirement of circular 4 of 2021 issued by the Securities and Exchange Commission of Pakistan (the SECP), the Company has also arranged the video conference facility for those shareholders who are interested to participate virtually in the AGM.

Special arrangement for attending the AGM through electronic means will be as under:

- a. AGM will be held through Zoom application - a video link facility.
- b. Shareholders interested in attending the AGM through Zoom application are hereby requested to get themselves registered with the Company Secretary office by sending an e-mail with subject: "Registration for SFL AGM" at the earliest but not later than 5:00 pm Monday, October 24, 2022 on E-mail: contact@sapphiretextiles.com.pk along with a valid copy of both sides of CNIC.

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

Upon receipt of the above information from the interested shareholders, the Company will send the login credentials at their e-mail address. On the date of AGM, shareholders will be able to login and participate in the AGM 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.

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 316, Cotton Exchange Building, I.I. Chundrigar Road, Karachi at least 48 hours before the time of the meeting.
4. Change in address: Any change of address of members should be immediately notified to the company's share registrars, THK Associates (Private) Limited, plot No. 32-C, Jami Commercial Street 2, D.H.A, Phase-VII, Karachi.
5. Under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders.

In order to receive dividends directly into their bank account, shareholders are requested to fill in Electronic Credit Mandate Form available on Company's website and send it duly signed along with a copy of CNIC to the Shares Registrar of the Company M/s. THK Associates (Private) Limited, in case of physical shares.

In case shares are held in CDC then Electronic Credit Mandate Form must be submitted directly to shareholder's broker/participant/CDC account services. No further action is required if IBAN has already been incorporated/updated in the CDC account or physical folio of the shareholder.

6. Pursuant to Notification vide SRO. 787(1)/2014 of September 08, 2014, SECP has directed to facilitate the members of the Company receiving Annual Financial Statements and Notices through electronic mail system (e-mail). We are pleased to offer this facility to our members who desire to receive Annual Financial Statements and Notices of the Company through e-mail in future. In this respect members are hereby requested to convey their consent via e-mail on a standard request form which is available at the Company website i.e. www.sapphire.com.pk/sfl. Please ensure that your e-mail has sufficient rights and space available to receive such e-mail which may be larger than 1 MB file in size. Further, it is the responsibility of the member to timely update the Shares Registrar of any change in the registered e-mail address. The Financial Statements of the company for the year ended June 30, 2022 are also available on the company's website.



Sapphire Fibres Limited

7. (i) The rates of deduction of income tax from dividend payments under Section 150 of the Income Tax Ordinance, 2001 shall be as follows:
1. Persons appearing in Active Tax Payers List (ATL) 15%
 2. Persons not appearing in Active Tax Payers List (ATL) 30%

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, shareholders whose names are not entered into the Active Taxpayers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered in ATL before the first day of book closure, otherwise tax on their cash dividend will be deducted @ 30% instead of 15%.

(ii) Withholding Tax exemption from the dividend income, shall only be allowed if copy of valid tax exemption certificate or stay order from a competent court of law is made available to THK Associates (Private) Limited, by the first day of Book Closure.

(iii) 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 shareholders and Joint-holder(s) in respect of shares held by them (only if not already provided) to our Shares Registrar, in writing as follows:

Company Name	Folio/CDS Account #	Total Shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC #	Shareholding Proportion (No. of Shares)	Name and CNIC #	Shareholding Proportion (No. of Shares)

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

(iv) For any query/information, the investors may contact the Company Secretary at phone: (021) 111 000 100 & email address: contact@sapphiredtextiles.com.pk and/or THK Associates (Private) Limited at phone: (021) 35310191- 6 & email address: it@thk.com.pk

(v) 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 THK Associates (Private) Limited. Shareholders while sending NTN or NTN certificates, as the case may be, must quote Company name and their respective folio numbers. Without the NTN Company would not be in a position to check filer status on the ATL and hence higher tax of 30% may be applied in such cases.

8. Deposit of Physical Certificate 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 this Act.

The shareholder having physical shares are encouraged to open the CDC sub- account with any of the brokers or Investor Account directly with CDC to place their physical certificates into scrip less form.

9. An updated year wise list for unclaimed dividend/shares of the Company is available on the Company's website www.sapphire.com.pk/sfl. These are unclaimed dividend/shares which have remained unclaimed or unpaid for a period of three years from the date these have become due and payable.

Claims can be lodged by shareholders on Claim Forms as are available on the Company's website. Claim Forms must be submitted to the Company's Shares Registrar for receipt of such dividend/shares.

10. 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.



11. 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.

Status of Investment under Clause 4(2) of the Companies (Investment in Associated Undertakings) Regulations, 2017

Company / Date of Resolution	Amount of Investment approved	Amount of Investment made to date	Reason
Triconboston Consulting Corporation (Private) Limited (TBCCPL), 27 th March 2017	Proportionate to its shareholding percentage 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);	Nil	This amount 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

Triconboston Consulting Corporation (Private) Limited

Triconboston Consulting Corporation (Private) Limited was incorporated under the laws of Pakistan and operating 3 projects having capacity of 49.735 MW each in Jhimpir Sindh. The company 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 and following best industry practice and is yielding satisfactory results.

	Financial Year Ended June 30, 2022	Financial Year Ended June 30, 2021	Financial Year Ended June 30, 2017
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 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 40 to the unconsolidated financial statements for the year ended June 30, 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 note 40 to the unconsolidated financial statements for the year ended June 30, 2022.

2. Item Number 5(ii) of the notice - Authorization for the Board of Directors to approve the related party transactions during the year ending June 30, 2023.

The Company shall be conducting transactions with its related parties during the year ending June 30, 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 June 30, 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.