

**Reliance Cotton Spinning Mills Limited**

312-Cotton Exchange Building,
I.I Chundrigar Road, Karachi – 74000 Pakistan
Phone: 92-21-111-000-100
Fax: 92-21-2416705, 92-21-2417418
E-Mail: contact@sapphiretextiles.com.pk

NOTICE OF EXTRA ORDINARY GENERAL MEETING

Notice is hereby given that an Extra-Ordinary General Meeting of Reliance Cotton Spinning Mills Limited will be held on Monday the 27th March 2023 at 11:00 a.m. at 312, Cotton Exchange Building, I.I. Chundrigar Road, Karachi 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 resolution under Section 199 of the Companies Act, 2017 to make equity investment in associated company:
 - (a) **RESOLVED THAT** pursuant to the requirements of Section 199 of the Companies Act, 2017, the approval of the shareholders be and is hereby accorded for investment up to Rs. 1,000,000,000 (Rupees One Billion) by way of equity investment in Sapphire Fibres Limited, an associated company, through market purchase of ordinary shares at the prevailing market price on the date of purchase/transaction on such terms and conditions as authorized by Board of Directors, from time to time over a period of one (1) year.
 - (b) **FURTHER RESOLVED THAT** the Chief Executive of the company be and is hereby authorized to take all necessary actions which may be required for the purchase of said shares of Sapphire Fibres Limited.

A Statement under Section 134(3) of the Companies Act, 2017 read with Section 199 of the Companies Act, 2017 and the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 is being sent to the members along with copy of this notice.

Other business

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

Karachi
March 06, 2023

By Order of the Board

Rameez Ghauri
Company Secretary

**NOTE:**

1. The share transfer books of the Company shall remain closed from 21st March 2023 to 27th March 2023 (both days inclusive). Transfers received in order at the office of the Company's Share Registrar i.e. Hameed Majeed Associates (Private) Limited, situated at 4th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi, before the close of business on March 20, 2023, will be considered in time, to entitle the transferees 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 on his/her behalf. 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/rcsml



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4. 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 RCSML 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 information 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.

5. If the Company receives consent from the members holding at least 10% shareholding residing in a city, to participate in the meeting through video-link at least 07 days prior to date of the meeting, the Company will arrange facility of video-link in that city subject to availability of such facility in that city.
6. 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, in their addresses to our Share Registrar Hameed Majeed Associates (Pvt) Ltd.
7. CDC shareholders will further have to follow the below mentioned guidelines as laid down in Circular 1, dated 26 January, 2000 issued by Securities and Exchange Commission of Pakistan:

A. For attending the meeting:

- i) In case of corporate entity, the board of directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) 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 above Regulations, shall submit the proxy form as per the above requirement.
- ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the proxy form.
- iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv) The proxy shall produce his/her original CNIC or original passport at the time of the Meeting.
- v) In case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with the proxy form to the Company.



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

Sapphire Fibres Limited (SFL) is a public listed company formed for the purpose of Textile Composite Unit. It is an associated Company of Reliance Cotton Spinning Mills Limited (RCSML) having Authorized Capital of Rs. 350,000,000 divided into 35,000,000 shares of Rs.10 each and the Issued & Paid-Up Capital of the SFL is Rs. 206,718,750 divided into 20,671,875 ordinary shares of Rs.10 each. Four (4) Directors of SFL are also the Directors in RCSML. Other information is as under:

(i)	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	Sapphire Fibres Limited (SFL). An associated undertaking due to 1.90% shareholding in SFL and common directorship
(ii)	Purpose, benefits and period of Investment	Long Term Equity Investment to earn better returns and is a strategic investment
(iii)	Maximum Amount of the Investment	Investment of Rs. 1,000,000,000/-
(iv)	Maximum Price at which securities will be acquired	At prevailing market price on the date of purchase / transaction.
(v)	Maximum Number of Securities to be acquired	Number of shares would depend upon the prevailing market price on the date of purchase / transaction
(vi)	Number of securities and percentage held before and after investment	<p>Before Investment 393,697 Ordinary shares of Rs.10 each (1.90%)</p> <p>After Investment Exact number of securities cannot be determined at this stage however, expected number based on market price applicable would be around 1,200,000 Ordinary shares of Rs.10 each (5.80%)</p>
(vii)	In case of investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired;	Rs. 1,134 per share
(viii)	Fair market value of these securities	Rs. 1,075/- per share [30 Jun 22]
(ix)	Break-up value of securities intended to be acquired on the basis of latest audited financial statements	Rs. 1,130.5 per Share
(x)	Earnings per share of the associated company or associated undertaking for the last three years	Earnings per share for the last 3 years: 2022 - Rs. 300.7 2021 - Rs. 110 2020 - Rs. 54.4
(xi)	Sources of funds from which shares will be acquired	Internally Generated Funds
(xii)	Where the securities are intended to be acquired using borrowed funds, - (I) justification for investment through borrowings; and (II) detail of guarantees and assets pledged for obtaining such funds;	<p>I) Not Applicable</p> <p>II) Not Applicable</p>



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(xiii)	Salient features of all agreements, if any	Not Applicable	
(xiv)	Interest of directors, majority shareholders and their relatives	Mr. Shahid Abdullah, Mr. Amer Abdullah, Mr. Shayan Abdullah & Mr. Yousuf Abdullah Directors of the Company are also Directors of M/s Sapphire Fibres Limited; however, they have no direct or indirect interest except to the extent of shareholding in the investing company.	
(xv)	Any other important details necessary for the members to understand the transaction	The company will purchase these shares from the existing shareholders.	
(xvi)	Financial Position of the Associated Company [SFL]	Financial Position from Audited Accounts of 30 th June 2022	
		Property Plant & Equipment	Rs. 14,631,666,353
		Current Assets	Rs. 26,892,243,873
		Non-Current Liabilities	Rs. 6,162,283,715
		Current Liabilities	Rs. 19,369,186,763
		Revenue	Rs. 43,637,516,571
		Net Profit after tax	Rs. 6,215,452,212

In pursuance to Regulation No. 3(3) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 under SRO 1240(I)/2017 dated 6 December, 2017, the directors of the Company have carried out due diligence for the proposed investment in associated company.

The following documents shall be available to the members of the Company for inspection in the EOGM to be held on March 27, 2023.

- 1) Recommendations of due diligence report of investing company
- 2) Last three years annual reports of associated Company