



## **Sapphire Textile Mills Limited**

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

### **SAPPHIRE TEXTILE MILLS LIMITED** **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 Tuesday, March 24, 2015 at the Trading Hall, Cotton Exchange Building, I.I. Chundrigar Road, Karachi at **03:00** p.m. to transact the following business:

#### **1. Ordinary Business:**

To confirm the minutes of last General Meeting held on 24<sup>th</sup> October, 2014.

#### **2. Special Business:**

To consider and, if thought fit, pass, with or without modification, the following resolutions, under Section 208 of the Companies Ordinance, 1984, as a special resolutions:

**2.1 Resolved** that the Company be and is hereby authorized to provide such Security / Collateral as may be required by the Bank to issue a Bank Guarantee upto Rs.45 Million on behalf of its subsidiary M/s. Sapphire Wind Power Company Limited (SWPCL) in favour of Director of Excise & Taxation in order to secure certain obligations (On account of Sindh Infrastructure Cess) of SWPCL.

**2.2 Further Resolved** 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 for the purpose of the completion of the subject transaction.

#### **3. Other business**

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

A Statement required under Section 160(1) (b) of the Companies Ordinance pertaining to the special business is annexed to the notice of the meeting send to the shareholders.

By Order of the Board

Zeeshan  
Company Secretary

Karachi

Dated February 26, 2015



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### **NOTE:**

1. The share transfer books of the Company will remain closed and no transfer of shares will be accepted for registration from 18th March, 2015 to 24<sup>th</sup> March, 2015 (both days inclusive).
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 on his/her behalf. Proxies to be effective must be received by the company at its registered office 212, Cotton Exchange Building, I.I.Chundrigar Road, Karachi not less than 48 hours before the meeting.
3. Any individual, beneficial owner of CDC entitled to attend and vote at this meeting, must bring his/her original CNIC or Passport, Account No. and participant's ID No. to prove his/her identity. In case of proxy, must enclose an attested copy of his/her CNIC or Passport.
4. Corporate members should bring their board of directors' resolution/power of attorney with specimen signature of nominee or proxy holder.
5. Any change of address of Members should be immediately notified to the company's share registrars, Hameed Majeed Associates (Private) Limited, 4th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi.
6. In accordance with notifications of Securities and Exchange Commission of Pakistan (SECP), SRO 779(1)2011 dated August 18, 2011, SRO 831(1)2012 dated July 5, 2012 and SRO 19(1)2014 dated January 10, 2014 and our several notices requesting submission of copy of valid CNIC. The shareholders are hereby once again requested to send the photocopy of valid computerized National Identity Card (both sides) along with folio number and name of Company (Sapphire Textile Mills Limited) immediately to Company's Share Registrar, M/s Hameed Majeed Associates (Pvt) Limited, 4th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi.



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### STATEMENT OF MATERIAL FACTS UNDER SECTION 160(1) (B) OF THE COMPANIES ORDINANCE, 1984 REGARDING SPECIAL BUSINESS

According to S.R.O 27(1)/2012 dated January 16, 2012, the following information is required to be annexed with the Special Resolution for approval of investment in an associated undertaking for the purpose of section 208 of the Companies Ordinance, 1984 and information required under Regulation 3(1)(b) of the companies (Investment in Associated Undertakings) Regulations, 2012

Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	Sapphire Wind Power Company Ltd. Subsidiary Company of Sapphire Textile Mills Limited - 70% shareholding and common Directors in SWPCL.
Amount of loan or advances	Security / Collateral as may be required by the Bank in order to issue a Bank Guarantee Upto 45 Million rupees.
Purpose of loans or advances and benefits likely to accrue to the investing company and its members from such loans or advances	SWPCL being a subsidiary of STML, the company needs to provide security/collateral to the Bank to issue a Bank Guarantee in favour of Excise & Taxation Department Sindh in order to secure certain obligations (On account of Sindh Infrastructure Cess) of SWPCL to complete the project in time and earn profits from it.
Details of any loan that has already been granted to the Associated Company, if any	In the EOGM held on 17 <sup>th</sup> February, 2014 and 21 <sup>st</sup> April, 2014 the shareholders have authorized the Company for the following: <b>I)</b> To make advance by way of loan upto PKR equivalent of USD 3,723,942 pursuant to the Sponsor Support Agreement and the Shareholder Subordination Agreement <b>II)</b> To provide an SBLC in favour of the Security Trustee to secure its equity investment in SWPCL of up to the PKR equivalent of USD 24,923,541 less any amount already invested. <b>III)</b> To provide collateral/security as may be required



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	<p>by the bank to issue an SBLC in favour of the Offshore Collateral Agent up to the PKR equivalent of approximately USD 3,500,000 in order to secure certain obligations of SWPCL in relation to the Required Balance of the Debt Service Reserve Account pursuant to the Accounts Agreement.</p> <p>IV) To provide such Security / Collateral as may be required by the Issuing Bank in order for the same to issue a Standby Letter of Credit (SBLC) of USD 1,732,500 in favour of National Transmission and Despatch Company Limited (through its Central Power Purchasing Agency) on behalf of ex-WAPDA Distribution Companies (NTDC) in order to secure certain obligations of Sapphire Wind Power Company Limited (SWPCL) under its Energy Purchase Agreement with NTDC.</p>														
<p>Financial Position of the Associated Company.</p>	<p>Financial Position from Financial Accounts of 31<sup>st</sup> December, 2014</p> <table border="1"> <tr> <td>Property Plant &amp; Equipment</td> <td>Rs.2,772,817,345</td> </tr> <tr> <td>Long term prepayments</td> <td>Rs.5,433,042</td> </tr> <tr> <td>Current Assets</td> <td>Rs.519,977,030</td> </tr> <tr> <td>Current Liabilities</td> <td>Rs, 71,686,171</td> </tr> <tr> <td>Issued, Subscribed &amp; Paid Up Capital</td> <td>Rs. 1,150,173,310</td> </tr> <tr> <td>Long Term Financing</td> <td>Rs. 2,179,444,872</td> </tr> <tr> <td>Accumulated Losses</td> <td>Rs. 103,076,936</td> </tr> </table>	Property Plant & Equipment	Rs.2,772,817,345	Long term prepayments	Rs.5,433,042	Current Assets	Rs.519,977,030	Current Liabilities	Rs, 71,686,171	Issued, Subscribed & Paid Up Capital	Rs. 1,150,173,310	Long Term Financing	Rs. 2,179,444,872	Accumulated Losses	Rs. 103,076,936
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<p>Average borrowing cost of Company</p> <p>Rate of interest/mark-up/profit/fees/commission etc. to be charged to associated company</p>	<p>Not Applicable</p> <p>All commission, fee etc charged by the bank will be charged to the Associated Company</p>														



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Sources of funds for advance	Not applicable as no cash funds are advanced
Where loans or advances are being granted using borrowed funds,- (I) justification for granting loan or advance out of borrowed funds;	I. Not Applicable.
(II) detail of guarantees / assets pledged for obtaining such funds, if any; and	II. Not Applicable
(III) repayment schedules of borrowing of the investing company	III. Not applicable
Particulars of collateral security to be obtained against loan to the Associated Company, if any	None
If the loans or advances carry conversion feature i.e. it is convertible into securities, this fact along with complete detail including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable	Not Applicable
Repayment schedule and terms of loans or advances to be given to the investee company	Not Applicable
Salient features of all agreements	Not Applicable
Interest of directors, majority shareholders and their relatives	Common Directors. Each Directors has 1 shares each in SWPCL , they have no direct or indirect interest except to the extent of shareholding in the investing company.
Any other important details	None



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<p>Description of the project and its history since conceptualization</p>	<p>SWPCL has been incorporated solely for the purpose of development of the Wind Power Project under renewable energy policy of the company.</p> <p>SWPCL will sell power to the Central Power Purchasing Agency/ National Transmission and Despatch Company Limited (NTDC or the Energy Purchaser) within the framework of the project documents specified under the Policy for Development of Renewable Energy for Power Generation, 2006 (the "RE Policy"). The term of the off-take agreement i.e. the Energy Purchase Agreement (the EPA), that has been executed between the Associated Company and the Power Purchaser is 20 years.</p> <p>National Electric Power Regulatory Authority (NEPRA) has granted generation license and tariff to the Company, while concession agreements with NTDC and Government of Pakistan have been finalized. Financial close of the project was declared on 7<sup>th</sup> July, 2014 and the first tranche of OPIC Funding was released on 27<sup>th</sup> August, 2014, Sapphire Wind Power Company Limited gave the Notice to proceed to the EPC contractor on 28<sup>th</sup> August, 2014.</p> <p>Construction works at the wind farm site have been undertaken and it is expected that the project will commence commercial operation by the end of November, 2015.</p>
<p>Starting and expected date of completion of work</p>	<p>Work has been already commenced and the expected date for commercial operations is November 2015.</p>
<p>Time by which such project shall become commercially operational</p>	<p>Expected Date of Commercial operations is November 2015.</p>
<p>Expected return on total capital employed in the project</p>	<p>Approximately upto 17%</p>
<p>Funds invested or to be invested by the promoters distinguishing between cash and non-cash amounts</p>	<p>To provide Security / Collateral as may be required by the Bank to issue a Bank Guarantee of up to 45 million in favour of Excise &amp; Taxation Department Sindh in order to secure certain obligations (On account of Sindh Infrastructure Cess ) of SWPCL (Non Cash).</p>



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As per the disclosure requirement of Para 4(1) of the Companies (Investment in Associated Undertakings) Regulations, 2012, it is informed that the following directors of the company are also the directors in the investee company; however, they have no direct or indirect interest except to the extent of shareholding in the investee company:

- 1) Mr. Muhammad Abdullah
- 2) Mr. Nadeem Abdullah
- 3) Mr. Shahid Abdullah
- 4) Mr. Amer Abdullah

### Status of Investment under Clause 4(2) of the Companies (Investment in Associated Undertakings) Regulations, 2012

Company / Date of Resolution	Amount of Investment approved	Amount of Investment made to date	Reason
Sapphire Dairies (Pvt.) Ltd	Rs. 300 Million	Rs. 235 million	To be invested over the period of three years
Sapphire Wind Power Company Ltd 17 <sup>th</sup> February, 2014	Equity Investment of up to PKR equivalent of USD 24,923,541 and to provide an SBLC in favour to secure balance equity investment in SWPCL	Equity investment = Rs. 1,983.221300 million SBLC = USD 18.5 million	The balance amount of equity will be invested from time to time over a period of two years.
	Advance by way of loan upto PKR equivalent of USD 3,723,942 Collateral/security as may be required by the issuing bank to issue an SBLC up to the PKR equivalent of approximately USD 3,500,000 in order to secure certain obligations of SWPCL	Nil	These amounts were approved in the EOGM held on February 17, 2014 and are in the process of implementation.

### Material Changes in Financial Statements of Associated Company

Since the last Extra Ordinary General Meeting (EOGM) held on 21st April, 2014, the Paid-up-Capital of the Sapphire Wind Power Company Ltd (SWPCL) has increased to Rs.2,833,173,310 by issuance of shares against shares subscription.