



Sapphire Textiles Mills Limited

SAPPHIRE TEXTILE MILLS LIMITED NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that 48th Annual General Meeting of Sapphire Textile Mills Limited will be held on Saturday, October 29, 2016 at the Trading Hall, Cotton Exchange Building, I.I. Chundrigar Road, Karachi at 03:30 p.m. to transact the following business:

Ordinary Business:

1. To confirm the minutes of last General Meeting.
2. To receive, consider and adopt the Audited Accounts together with Directors' and Auditors' Reports for the year ended 30th June, 2016.
3. To approve and declare the final dividend.
4. To appoint auditors for the year ending 30th June 2017 and fix their remuneration. The present Auditors, M/s Mushtaq & Company, Chartered Accountants retire and being eligible offer themselves for reappointment.

Special Business:

5. To consider, and if thought fit, to pass the following resolution as special resolution:


- 5.1 ***“RESOLVED that the Articles of Association of the Company be amended by adding a new sub-Clause 44(a) after the Clause 44 of the Articles of Association of the Company as under:***

The provisions and requirements for e-voting as prescribed by the Securities & Exchange Commission of Pakistan for the time being and from time to time shall be deemed to be incorporated in these Articles, notwithstanding the other provisions of these Articles of Association and including anything contradictory therein.”

- 5.2 ***“To consider and approve the plan to lease out company's stitching facility situated at Unit-08, 1.5 kms Bhotatian Chowk, Raiwind Road, Lahore, Punjab and its open-end spinning facility at Unit -3, A-84, Site, Nooriabad, Dist Jamshoro, Sindh to any of its 100% subsidiary(ies) to improve the utilisation of company's assets / facilities and enhance its export activities.***
- 5.3 ***Further Resolved that the Chief Executive be and is hereby authorized to plan, negotiate, execute and do all necessary step or things necessary for execution of the lease agreement (s).***
- 5.4 ***Resolved that pursuant to section 196 of the Companies' Ordinance, 1984 the shareholders consent be and is hereby accorded to close or liquidate the M/s.Sapphire Home Incorporation, 100% owned subsidiary of M/s.Sapphire Textile Mills Limited (“Company”) on such terms and condition as my be approved by the board of the Sapphire Home incorporation.***

A Statement required under Section 160(1) (b) of the Companies Ordinance, 1984 read with S.R.O 27(1)/2012 dated 16th January, 2012 issued by SECP pertaining to the special business is annexed to the notice of the meeting send to the shareholders.

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

By Order of the Board

Zeeshan
Company Secretary

Karachi
Dated: October 6, 2016



NOTE

1. Closure of share transfer books:

Share Transfer Books will remain closed and no transfer of shares will be accepted for registration from 23rd October, 2016 to 29th October, 2016 (both days inclusive). Transfers received in order, by the Hameed Majeed Associates (Private) Limited, 4th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi, up to 22nd October, 2016, will be considered in time for the payment of dividend.

2. Participation in the annual general meeting:

A member entitled to attend and vote at this meeting is entitled to appoint another member/any other person as his/her proxy to attend and vote.

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 be immediately notified to the company's share registrars, Hameed Majeed Associates (Private) Limited, 4th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi.

5. 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.
6. In accordance with the notification of the Securities and Exchange Commission of Pakistan, SRO 831(1)2012 dated July 05, 2012 dividend warrants should bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate members. Accordingly, members who have not yet submitted copy of their valid CNIC/NTN (in case of corporate entities) are requested to submit the same to the Company, with members' folio number mentioned thereon for updating record.
7. As per the directions to all Listed Companies by SECP vide Letter No.SM/CDC 2008 dated April 05, 2013, all shareholders and the Company are encouraged to put in place an effective arrangement for Payment of Cash Dividend Electronically (e-Dividend) through mutual co-operation. For this purpose, the members are requested to provide Dividend Mandate including Name, Bank Account Number, Bank and Respective Branch Address to the Company in order to adhere the envisaged guidelines.



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8. (i) Pursuant to the provisions of the Finance Act, 2016 effective July 1, 2016 the rates of deduction of income tax from dividend payments under the Income Tax Ordinance have been revised as follows:

1. Rate of tax deduction for filer of income tax return 12.5%
2. Rate of tax deduction for non-filers of income tax return 20%

To enable the Company to make tax deduction on the amount of cash dividend @ 12.5% instead of 20%, 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, otherwise tax on their cash dividend will be deducted @ 20% instead of 12.5%.

(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 / CDS Account #	Total Shares	Principal Share Holder		Joint Holder	
			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 Holder(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, 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.

STATEMENT OF MATERIAL FACTS CONCERNING SPECIAL BUSINESS PURSUANT TO SECTION

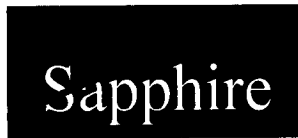
160(1) (b) OF THE COMPANIES ORDINANCE, 1984

This statement sets out the material facts concerning the Special Business, given in agenda item No.5 of the Notice will be considered to be passed by the members. The purpose of the Statement is to set forth the material facts concerning such Special Business.

A) Agenda item No.5.1 of the Notice – Amendment/change in Articles of Association of the Company:

To give effect to the Companies (E-Voting) Regulation 2016, shareholders' approval is being sought to amend the Articles of Association of the Company to enable e-voting. The Board of Directors have recommended to the members to approve and adopt amendment/change in Articles of Association of the Company by inserting a new sub-Clause 44 (a) after the Clause 44 of the Articles of Association of the Company.

Subject to approval of the members the proposed resolution will be considered to be passed by the members as a special resolution.



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B) Agenda item No.5.2 & 5.3 of the Notice – Lease out Plan:

Introduction:

The management of Sapphire Textile Mills Limited (Company) Intends to lease out its stitching facility situated at Unit-08, 1.5 kms Bhabatian Chowk, Raiwind Road, Lahore, Punjab and its open-end spinning facility at Unit -3, A-84, Site, Nooriabad, Dist Jamshoro, Sindh its 100% subsidiary(ies) to improve the utilisation of company's assets / facilities and enhance its export activities.

Value of Assets to be leased out.

- The written down value of proposed assets to be leased is up to Rs.505 Million as at 30 June, 2016. These assets will be leased out at the current market rates.

Reason / Benefit of Leasing

- It will improve in Overall Profitability of the Company by availing other ancillary and related operational and fiscal benefits attached to export oriented units.

Interest of Directors:

- Sapphire Textile Mills Limited is planning to lease out its units to its 100% subsidiary. Directors have no direct or indirect interest except to the extent of their shareholding.

C) Agenda item No.5.4 of the Notice – Reason for Winding up of 100% subsidiary M/s.Sapphire Home Incorporation:

Sapphire Home Inc. was incorporated as 100% subsidiary of the company to meet customer's demand of local duty paid deliveries to customers in USA. A number of contracts were executed through this company. However, lately holding company is shipping directly to the customers and this has company become dormant. It is therefore, proposed to close / wind up the company.

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 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 an SBLC up to the PKR equivalent of approximately USD 10 Million in order to secure certain obligations of SWPCL	SBLC = USD 2.9 million	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