



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: tax.karachi@saphiretextiles.com.pk

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that 51st Annual General Meeting of Sapphire Textile Mills Limited will be held on Friday, October 25, 2019 at the Trading Hall, Cotton Exchange Building, I.I. Chundrigar Road, Karachi at 03:45 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 Chairman's, Directors' and Auditors' Reports for the year ended 30th June, 2019.
3. To approve and declare the final dividend.
4. To appoint auditors for the year ending 30th June 2020 and fix their remuneration. The present Auditors, M/s EY Ford Rhodes, Chartered Accountants retire and being eligible offer themselves for reappointment.

Special Business

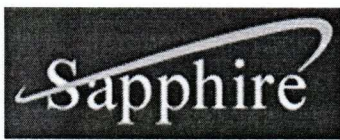
5. To approve by way of special resolution with or without modification the following resolutions in respect of related party transaction in terms of Section 208 of the Companies Act, 2017:

A. "RESOLVED THAT the pursuant to section 208 of the Companies Act 2017, the shareholders' consent be and is hereby accorded to authorize Mr Nadeem Abdullah son of Mr Mohammad Abdullah holding CNIC No 42201-2771651-1, CEO of the company to enter into purchase agreement with Sapphire Retail Limited the 100% subsidiary of the company for the purchase of property located at 21, Block H Gulberg-II Lahore measuring 04-Kanal ,07 Marlas and 50- square Feet, including all benefits, rights, shares, privileges, deposits, easements, utilities, connections , appurtenant, enjoyed or attached to the said property and is authorized to pay purchase consideration and to apply to Competent Authority for the permission to assign/NOC/ transfer the said Property."

"FURTHER RESOLVED THAT Mr Nadeem Abdullah holding CNIC No 42201-2771651-1, is hereby authorized to execute, admit and register the Conveyance Deed of the said Property and appear before competent Registration Authorities to complete all formalities for the purchase and transfer of the property in favour of Sapphire Textile Mills Limited, including receiving of original title documents and vacant peaceful physical possession of the said property."

B (i) "RESOLVED THAT the related Parties transactions conducted during the year in which the majority of Directors are interested as disclosed in the note 42 of the unconsolidated financial statements for the year ended June 30, 2019, 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, 2020.



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“FURTHER RESOLVED that transactions approved by 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).

By Order of the Board

Zeeshan

Company Secretary

Karachi

Dated: September 26, 2019

NOTE

1) Closure of share transfer books:

Share Transfer Books will remain closed and no transfer of shares will be accepted for registration from 19th October, 2019 to 25th October, 2019 (both days inclusive). Transfers received in order, by the Hameed Majeed Associates (Private) Limited, 4th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi, up to 18th October, 2019, 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.



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- 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 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.

7) Payment of Cash Dividend Electronically (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 Textiles 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	
	Name	
	Folio# / CDS 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 non-provision of IBAN, the Company will have to withhold the cash dividend according to SECP directives.



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- 8) (i) The Government of Pakistan through Finance Act, 2019 effective July 01, 2019 had made certain amendments in section 150 of the Income Tax Ordinance, 2001 whereby, different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the Companies. These tax rates are as under:

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

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, all the shareholders whose names are not entered into the Active Tax Payer List (ATL) provided on the website of Federal Board of Revenue (FBR), despite the fact that they are filers, are advised to make sure that their names are entered into ATL, otherwise tax on their cash dividend will be deducted @ 30% instead of 15%.

(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(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 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.

- 9) The Company shall provide video conference facility to its members for attending the Annual General Meeting at places other than the town in which general meeting is taking place, provided that if members, collectively holding 10% or more shareholding residing at a geographical location, provide their consent to participate in the meeting through video conference at least 07 days prior to date of the meeting, the Company shall arrange video conference facility in that city subject to availability of such facility in that city.

In this regard, please fill the following form and submit to registered address of the Company 07 days before holding of the Annual General Meeting:

"I/We, _____ of _____ being a member of Sapphire Textile Mills Ltd, holder of _____ Ordinary Shares as per registered folio # _____ hereby opt for video conference facility at _____."

Signature of Member



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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
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 upto 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 Consultancy Corporation (Private) Limited (TBCCPL), 27 th March 2017	By way of subscription in ordinary shares of PKR 10 (Pakistani Rupees Ten) each of TBCCPL in the PKR equivalent of up-to USD 46.5 Million from time to time over a period of two years.	Investment = USD 45.243 Million	STML has fully subscribed its share in accordance with the Sponsor Support Agreement signed between the Sponsors.
Triconboston Consultancy Corporation (Private) Limited (TBCCPL), 27 th March 2017	Security / collateral as may be required by the issuing banks in order for the same to issue standby letters of credit together with any replacement standby letters of credit in order to secure the equity amount up-to USD 16.3 Million (United States Dollars Sixteen Million Three Hundred Thousand);	Nil	STML has fully subscribed its share of equity (57.125%) upfront before Financial Close.
Triconboston Consultancy Corporation (Private) Limited (TBCCPL), 27 th 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	Nil	This amount was approved in the EOGM Dated 27 th March, 2017 and is in the process of implementation as and when required.



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	Dollars Twenty Four Million);		
Triconboston Consultancy Corporation (Private) Limited (TBCCPL), 27 th 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 27 th March, 2017 and is in the process of implementation as and when required
Triconboston Consultancy Corporation (Private) Limited (TBCCPL), 27 th 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	SBLC = USD 11.3 Million	This amount of loan was approved in the EOGM Dated 27 th March, 2017 and is in the process of implementation as and when required



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MATERIAL CHANGES IN FINANCIAL STATEMENTS OF ASSOCIATED COMPANY

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 which started Commercial operations in Nov 2015 – the project is operating following best industry practices and is yielding satisfactory results.

Triconboston Consulting Corporation (Private) Limited

Triconboston Consulting Corporation (Private) Limited was incorporated under the laws of Pakistan and operating 3 projects having capacity of 50 MW each in Jhimpir Sindh. All the three projects have successfully commenced commercial operation in September, 2018. The project is operating following best industry practice and is yielding satisfactory results.

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

1. Relating to Item Number 5 (A) of the notice – Purchased of Commercial property from Subsidiary

A. Details of Property to be Purchased

The commercial property located at 21, Block H, Gulberg-II Lahore measuring 04-Kanal, 07 Marlas and 50- Square Feet comprising building along with fittings fixtures and utilities installed therein.

B. Proposed Manner of Purchase of Said Property

The Current Market Value as determined by the property appraiser.

C. Reasons for the purchase and Benefits Expected to Accrue to the Shareholders.

The main purpose of purchase of said property is for office use.

D. Relation with the seller

The Seller “Sapphire Retail Limited” is the 100% subsidiary of Sapphire Textile Mills Limited.

E. Interest of Director or concerned persons

The directors are interested to the extent of common directorship and shareholding in the related party.

F. Time frame or duration of the transactions or contracts or arrangements

Mr. Nadeem Abdullah is to be authorized to complete all regulatory requirements for completion of transaction in the best interest of Company.



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2. Relating to Item Number 5 (B)(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 42 to the unconsolidated financial statements for the year ended June 30, 2019.

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 42 to the unconsolidated financial statements for the year ended June 30, 2019.

3. Relating to Item Number 5 (B)(ii) of the notice Authorization for the Board of Directors to approve the related party transactions during the year ending June 30, 2020

The Company shall be conducting transactions with its related parties during the year ending June 30, 2020 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, 2020 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.