

# Sapphire Textile Mills Limited

## NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that 52<sup>nd</sup> Annual General Meeting of Sapphire Textile Mills Limited (The "Company") will be held on Thursday, 22<sup>nd</sup> October, 2020 at 312, 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 Chairman's, Directors' and Auditors' Reports for the year ended 30<sup>th</sup> June, 2020.
3. To appoint auditors for the year ending 30<sup>th</sup> June, 2021 and fix their remuneration. The present Auditors, M/s EY Ford Rhodes, Chartered Accountants retire and being eligible offer themselves for reappointment.

### Special Business

4. 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 give on lease company's stitching facility situated at Unit -8, 1.5 kms Bhotatian Chowk, Raiwind Road, Lahore to M/s. Designtex (SMC-Private) Limited 100% subsidiary of Sapphire Retail Limited (SRL) (SRL is also 100% subsidiary of Sapphire Textile Mills Limited) as per term and condition mutually agreed on arm length basis.

**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).

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 41 of the unconsolidated financial statements for the year ended 30<sup>th</sup> June , 2020, 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 30<sup>th</sup> June, 2021.

**"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."

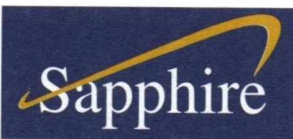
### Any other Business

5. 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  
Dated: 24<sup>th</sup> September, 2020

By Order of the Board  
  
Zeeshan  
Company Secretary



# Sapphire Textile Mills Limited

## For attending the meeting through video link due to COVID 19 Pandemic:

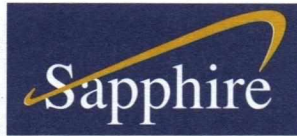
In pursuance of SECP Circular Nos. 5, 10A and 20 of 2020 dated 17<sup>th</sup> March, 2020, 01<sup>st</sup> April, 2020 and 31<sup>st</sup> August, 2020 respectively regarding Regulatory Relief to dilute impact of Corona Virus (COVID 19) for Corporate Sector, the entitled shareholders interested in attending the Annual General Meeting (AGM) through video link facility ("Zoom" which can be downloaded from Google Play or Apple App Store) are requested to get themselves registered with the Company Secretary office at least two working days before the holding of the time of AGM at [contact@sapphiretextiles.com.pk](mailto:contact@sapphiretextiles.com.pk) by providing the following details:-

Name of Shareholder	CNIC Number.	Folio Number.	Cell Number.	Email Address

- Upon receipt of the above information from interested shareholders, the Company will send the login details at their email addresses.
- On the AGM day, the shareholders will be able to login and participate in the AGM proceedings through their smart phone or computer devices from their any convenient location.
- The login facility will be opened thirty (30) minutes before the meeting time to enable the participants to join the meeting after identification process and verification process.
- Shareholders will be encouraged to participate in the AGM to consolidate their attendance and participation through proxies.

## NOTE

- 1) Share Transfer Books will be remain closed and no transfer of shares will be accepted for registration from 16<sup>th</sup> October, 2020 to 22<sup>nd</sup> October, 2020 (both days inclusive). Transfers received in order, by the M/s. Hameed Majeed Associates (Private) Limited Company Registrar, 4th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi, up to 15<sup>th</sup> October, 2020, 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 is entitled to appoint another member as his/her proxy to attend 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/stml](http://www.sapphire.com.pk/stml)
- 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.

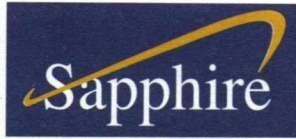


- 5) The CDC account holders will further have to follow the under-mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan:
- i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration 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.
- a) 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 shall be attached.
  - 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) 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.
- 8) The Company shall provide video conference facility to its members for attending the 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 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 \_\_\_\_\_."

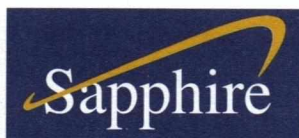
\_\_\_\_\_  
Signature of Member



## Sapphire Textile Mills Limited

### 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 <sup>th</sup> 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 Dollars Twenty Four Million);	SBLC = USD 8.79 Million	This amount was approved in the EOGM Dated 27 <sup>th</sup> March, 2017and is in the process of implementation as and when required.
Triconboston Consultancy Corporation (Private) Limited (TBCCPL), 27 <sup>th</sup> 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 <sup>th</sup> March, 2017and is in the process of implementation as and when required
Triconboston Consultancy Corporation (Private) Limited (TBCCPL), 27 <sup>th</sup> 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	Nil	This amount of loan was approved in the EOGM Dated 27 <sup>th</sup> March, 2017and is in the process of implementation as and when required



# Sapphire Textile Mills Limited

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

	Financial Year Ended June 30, 2020	Financial Year Ended June 30, 2016
Net Sales	3,704,254,098	1,584,896,926
Gross Profit	2,421,950,586	1,020,332,620
Profit Before Tax	1,746,809,140	678,614,077
Profit After Tax	1,759,688,303	678,235,929

### 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.

	Financial Year Ended June 30, 2020	Financial Year Ended June 30, 2017
Net Sales	10,495,000,097	-
Gross Profit / (Loss)	7,254,882,207	(93,798,217)
Profit / (Loss) Before Tax	4,851,092,424	(94,039,713)
Profit / (Loss) After Tax	4,848,524,478	(95,055,582)

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

### Introduction:

The management of Sapphire Textile Mills Limited (Company) Intends to lease out its stitching facility situated at Unit-08, 1.5 kms Bhotatian Chowk, Raiwind Road, Lahore, Punjab to improve the utilization of company's assets / facilities and enhance its export activities.

### Value of Assets to be leased out.

- The WDV value of proposed assets to be leased is up to Rs. 560.346 million as at 30 June, 2020. These assets will be leased out at the current market rates.



## Reason / Benefit of Leasing

- B. 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:

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

## Time frame or duration of the transactions or contracts or arrangements

- D. CEO of the company Mr. Nadeem Abdullah is to be authorized to complete all, term and condition of the agreements and other regulatory requirements for completion of transaction in the best interest of Company.

### 1. Relating to Item Number 4 (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 41 to the unconsolidated financial statements for the year ended 30<sup>th</sup> June, 2020.

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 41 to the unconsolidated financial statements for the year ended 30<sup>th</sup> June, 2020.

### 2. Relating to Item Number 4 (B)(ii) of the notice Authorization for the Board of Directors to approve the related party transactions during the year ending 30<sup>th</sup> June, 2021.

The Company shall be conducting transactions with its related parties during the year ending 30<sup>th</sup> June, 2021 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 30<sup>th</sup> June, 2021 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.