



## NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that 53<sup>rd</sup> Annual General Meeting of Sapphire Textile Mills Limited (The "Company") will be held Virtually on Wednesday, 27<sup>th</sup> October, 2021 at 12:00 noon through Video Conferencing (VC) to transact the following business:

### Ordinary Business:

1. To confirm the minutes of last Annual General Meeting.
2. To receive, consider and adopt the Audited Financial Statements together with Chairman's, Directors' and Auditors' Reports for the year ended 30<sup>th</sup> June, 2021.
3. Declaration of Dividend.
4. To appoint auditors for the year ending 30<sup>th</sup> June, 2022 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 resolutions with or without modification the following resolutions in respect of related party transactions in terms of Section 208 of the Companies Act, 2017.
    - (i) "RESOLVED THAT the related Parties transactions conducted during the year as disclosed in the note 42 of the unconsolidated financial statements for the year ended 30<sup>th</sup> June , 2021, 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, 2022."
- "FURTHER RESOLVED that transactions approved by the 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).

Karachi  
Dated: 23<sup>rd</sup> September, 2021

By Order of the Board  
  
Zeeshan  
Company Secretary



## NOTE

- 1) Share Transfer Books will be remain closed and no transfer of shares will be accepted for registration from 21<sup>st</sup> October, 2021 to 27<sup>th</sup> October, 2021 (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 20<sup>th</sup> October, 2021, 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 immediately be notified to the company's share registrars, Hameed Majeed Associates (Private) Limited, 4th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi.
- 5) Reason for Holding AGM virtually though video-Link

In view of the prevailing pandemic COVID-19 situation and in line with the direction issue by the Security & Exchange Commission of Pakistan (SECP) vide its Circular No.4 of 2021 dated February 15, 2021 and subsequent Circular No.6 of 2021 dated March 03, 2021, the Company has decided to hold Annual General Meeting (AGM) through electronic means.

**Special arrangements for attending the meeting through video link due to COVID 19 Pandemic will be as under:**

The entitled shareholders interested in attending the Annual General Meeting (AGM) through Zoom ("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 time of holding AGM at [contact@sapphiretextiles.com.pk](mailto:contact@sapphiretextiles.com.pk) by providing the following details:-

Name of Shareholder	CNIC Number.	Folio / CDC IAS A/C 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.



- 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) **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 Textile 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).

<b>1.</b>	<b>Shareholders' Detail</b>	
	Name	
	Folio# / CDC IAS Account No.	
	CNIC No. (Copy attached)	
	Mobile/ Landline No.	
<b>2.</b>	<b>Shareholders' Bank Detail</b>	
	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.

(i) In section 150 of the Income Tax Ordinance, 2001, 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 / CDC IAS 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) As per section 72 of the Companies Act, 2017, every existing company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four year from the commence of this Act i.e., May 30, 2017. The Shareholders having physical shareholding may open CDC Sub-account with any of the broker or investor account directly with CDC to place their physical share into scripless form.
- 10) Pursuant to Notification vide SRO.787 (1)/2014 of September 08, 2014, SECP has directed to facilitate the members of the company receiving Annual Financial Statements and Notices through electronic mail system (e-mail). We are pleased to offer this facility to our members who desire to receive Annual Financial Statements and Notices of the Company through e-mail in future. In this respect members are hereby requested to convey their consent via e-mail at [contact@sapphiretextiles.com.pk](mailto:contact@sapphiretextiles.com.pk). Please ensure that your e-mail has sufficient rights and space available to receive such e-mail which may be larger than 1 MB file in size. Further, it is the responsibility of the member to timely update the Shares Registrar of any change in the registered e-mail address.

The Financial Statements of the company for the year ended 30<sup>th</sup> June, 2021 along with reports have been placed on the company's website [www.sapphire.com.pk/stml](http://www.sapphire.com.pk/stml). However, if a shareholder, requests for hard copy of the Annual Audited Financial Statements, the same shall be provided free of cost within seven (07) days of receipt of such request.

- 11) An updated list for unclaimed dividend/shares of the Company is available on the Company's website [www.sapphire.com.pk/stml](http://www.sapphire.com.pk/stml). These are unclaimed dividend/shares which have remained unclaimed or unpaid for a period of three years from the date these have become due and payable.



**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 up to 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 Consulting Corporation (Private) Limited (TBCCPL), 27th 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 27th March, 2017 and is in the process of implementation as and when required.
Triconboston Consulting Corporation (Private) Limited (TBCCPL), 27th 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 27th March, 2017 and is in the process of implementation as and when required
Triconboston Consulting Corporation (Private) Limited (TBCCPL), 27th 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 27th March, 2017 and is in the process of implementation as and when required



## 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, 2021(PKR)	Financial Year Ended June 30, 2020 (PKR)	Financial Year Ended June 30, 2016 (PKR)
Net Sales	3,012,817,111	3,704,254,098	1,584,896,926
Gross Profit	1,715,780,871	2,421,950,586	1,020,332,620
Profit Before Tax	1,236,705,165	1,746,809,140	678,614,077
Profit After Tax	1,236,705,165	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 (Project A, Project B and Project C) having capacity of 49.735 MW each in Jhimpir Sindh. The Company has achieved Commercial Operations Date ('COD') on August 16, 2018, September 14, 2018 and September 11, 2018 by Project A, Project B and Project C respectively. The projects are operating following best industry practice and is yielding satisfactory results.

	Financial Year Ended June 30, 2021 (PKR)	Financial Year Ended June 30, 2020 (PKR)	Financial Year Ended June 30, 2017 (PKR)
Net Sales	9,203,400,224	10,495,000,097	---
Gross Profit / (Loss)	5,844,000,975	7,254,882,207	(93,798,217)
Profit / (Loss) Before Tax	4,146,851,260	4,851,092,424	(94,039,713)
Profit / (Loss) After Tax	4,120,734,125	4,848,524,478	(95,055,582)



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

### **1. Relating to Item Number 5 (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 30<sup>th</sup> June, 2021.

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 30<sup>th</sup> June, 2021.

### **2. Relating to Item Number 5 (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, 2022.**

The Company shall be conducting transactions with its related parties during the year ending 30<sup>th</sup> June, 2022 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, 2022 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.