

316, Cotton Exchange Building,  
I.I.Chundrigar Road, Karachi (Pakistan)  
UAN:92 021 111000100 Fax: 92 021 32416705  
E-mail: contact@sapphiretextiles.com.pk



**Sapphire Fibres Limited**

7-A/K, Main Boulevard, Gulberg-II,  
Lahore (Pakistan)

UAN: 92 042 111 000 100 Fax:92 042 35758783, 35713753

**SAPPHIRE FIBRES LIMITED  
NOTICE OF EXTRA ORDINARY GENERAL MEETING**

NOTICE IS HEREBY GIVEN THAT an Extra Ordinary General Meeting of SAPPHIRE FIBRES LIMITED will be held at Trading Hall, Cotton Exchange Building, I.I.Chundrigar Road, Karachi on Monday the 27th day of March, 2017 at 04:00 p.m. to transact the following business:

**ORDINARY BUSINESS:**

1. To confirm the minutes of the last Annual General Meeting held on October 29, 2016.

**SPECIAL BUSINESS:**

2. To discuss, consider, approve and, if thought fit, pass the following Special Resolution with or without modification(s):-
  - (a) Resolved that the: (a) Sponsors Support Agreement; (b) Shareholders' Agreement; (or any other similar agreement e.g. Joint Development Agreement) (c) Shareholder Subordinated Loan Agreement; (d) Shareholder Loan Subordination Agreement; (e) Shareholder Charge and Assignment; (f) Shareholder Share Pledge Agreement; (g) Shareholder Contribution Agreement; and (h) Share Subscription Agreement (along with all exhibits, annexes and schedules thereto and all commitments made by the Company therein, including transferring any shares of TBCCPL) (the "**Authorised Instruments**") be and are hereby approved;
  - (b) Resolved that pursuant to the Share Subscription Agreement, Sponsor Support Agreement, shareholder Contribution Agreement and/or the Shareholders' Agreement (or any other similar agreement e.g. Joint Development Agreement), the Company be and is hereby authorized in terms of Section 208 of the Companies Ordinance, 1984 (the "**Ordinance**") by way of a special resolution to invest in Triconboston Consulting Corporation (Private) Limited ("TBCCPL") the PKR equivalent of up-to USD 6,000,000 (United States Dollars Six Million) by way of subscription in ordinary shares of PKR 10 (Pakistani Rupees Ten) each of TBCCPL from time to time, over a period of two (2) years and as per terms and conditions disclosed to the members, so that, as a result thereof, the shareholding of the Company in TBCCPL shall be up to eight percent (8%) of the total issued and paid-up capital of TBCCPL.
  - (c) Resolved that the Company be and is hereby to arrange and deliver: (i) standby letters of credit together with any replacement standby letters of credit in order to secure the equity investment of up-to USD 2,500,000 (United States Dollars Two Million Five Hundred Thousand) in favour of the Agent/Security Trustee, (on behalf of inter alia, the Asian Development Bank, the Deutsche Institutions und Entwicklungsgesellschaft, the International Finance Corporation and the Islamic Development Bank collectively the "**Financiers**") in accordance with, inter alia, the Sponsor Support Agreement, Shareholders' Contribution Agreement and/or Shareholders' Agreement (or any other similar agreement e.g. joint development agreement), and (ii) provide such security/collateral as may be required by the issuing banks in order for the same to issue the aforesaid standby letters of credit.
  - (d) Resolved that the Company be and is hereby authorized to provide upto its shareholding percentage in TBCCPL, such security/collateral as may be required by the issuing banks in order for: (i) the issuing banks to issue, and (ii) STML to thereby deliver or cause to be delivered, excess debt standby letters of credit for an amount up-to USD 15,000,000 (United States Dollars Fifteen Million) in favour of the Agent/Security Trustee, on behalf of the Financiers, in accordance with, inter alia, the Sponsor Support Agreement, Shareholders' Contribution Agreement and/or Shareholders' Agreement, and (ii)

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provide such security/collateral as may be required by the issuing banks in order for the same to issue the aforesaid standby letter of credit.

- (e) Resolved that the Company be and is hereby authorized to provide, proportionate to its shareholding percentage in TBCCPL, such security/collateral as may be required by the issuing banks in order for: (i) the issuing banks to issue, and (ii) TBCCPL to thereby deliver or cause to be delivered, standby letters of credit for an amount of USD 5,250,000 (United States Dollars Five Million Two Hundred Fifty Thousand) to secure TBCCPL's payment obligations under its Energy Purchase Agreements, together with any replacement standby letters of credit in favour of the Agent/Security Trustee, on behalf of the Financiers, in order to secure the obligations of TBCCPL under the accounts agreements or any other financing documents.
- (f) Resolved that the Shareholder Share Pledge Agreement, along with all exhibits, annexes and schedules thereto and all commitments made by the Company thereunder be and are hereby approved and the Company be and is hereby authorized to sign such agreement and to pledge, in favour of the Agent/Security Trustee, on behalf of the Financiers, 100% of all shares in TBCCPL that are issued from time to time in the name of the Company. and
- (g) Resolved that (a) Mr. Mohammad Abdullah (Director) (b) Mr. Shahid Abdullah (Chief Executive Officer), and (c) Mr. Shayan Abdullah (Director) be and are hereby authorized on a several basis to: (i) sign, execute and deliver any and/or all of the Authorised Instruments in such manner as may be required and to approve, sign, execute and deliver any amendments, modifications and variations thereto and all such communication, certificate, notices, acknowledgements or other documents required in relation thereto, in the form which any of the aforesaid Authorised Persons may approve; and (ii) do all acts, deeds and things, take any or all necessary actions to complete all legal formalities and file all necessary documents as may be necessary or incidental for the purpose of implementing the proposed resolutions.

“The above agreements are available for inspection to the members at the Registered Office of the Company from Monday to Friday at 10:00 a.m to 01:00 p.m. “

A Statement under Section 160(1) (b) of the Companies Ordinance, 1984, along with the information required under Clause (a) of sub-regulation (1) of Regulation 3 of Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012 is annexed to the Notice of the Meeting send to the shareholders.

### OTHER BUSINESS:

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

Karachi.

Dated : 24th February, 2017

By order of the Board

  
(SHAUKAT MAHMUD)  
Company Secretary

### NOTE

1. The share transfer books of the Company will remain closed and no transfer of shares will be accepted for registration from 21st March, 2017 to 27th March, 2017 (both days inclusive).
2. 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 316, Cotton Exchange Building I.I.Chundrigar Road, Karachi at least 48 hours before the time of the meeting.

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4. Any change of address of Members should be immediately notified to the company's share registrars, THK Associates (Private) Limited, 1<sup>st</sup> Floor, 40-C Block-6, P.E.C.H.S, Karachi-75400.
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 individual, 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 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 numbers 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 or 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. Accounts of the company for the year ended June 30, 2016 has been provided on the website [www.sapphire.com.pk/sfl](http://www.sapphire.com.pk/sfl)

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

Triconboston Consulting Corporation (Private) Limited (TBCCPL), an associated company, has been incorporated in 2012 to develop a 150 MW (or 3×50 MW) Wind Power Project (s) at Jhumpir, Sindh with Project Cost of US\$ 316 million. The total equity contribution for the project is estimated at US\$ 79.1 million. The Energy Purchase Agreement and Implementation Agreement have been negotiated with CPPA (G) Ltd. and Alternate Energy Development Board respectively.

#### **Statement in relation to Equity Investment:**

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)(a) 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	Triconboston Consulting Corporation (Pvt.) Limited. Associated Company of Sapphire Fibres Limited due to common directorship
Purpose, benefits and period of Investment	To make long term equity investment in TBCCPL. The Company will earn dividends on investment over the life of the project. The investment shall be over the period of two years.
Maximum Amount of the Investment	PKR equivalent of USD 6,000,000/- pursuant to the Share Subscription Agreement, Shareholders' Agreement, Sponsor Support Agreement and the Shareholder Contribution Agreement.
Maximum Price at which securities will be acquired	At face value of PKR 10 per share
Maximum Number of Securities to be acquired	Fully Paid up Ordinary Shares of PKR 10/- each equivalent of USD 6,000,000/- (United States Dollar Six Million Only).
Number of securities and percentage held before and after investment	<b>Before Investment</b> Ordinary shares of Rs10/- each amounting to PKR Nil in total (0% of the shareholding of the Company). <b>After Investment</b> Maximum investment of shares shall be fully Paid up Ordinary Shares of PKR 10 each equivalent to USD 6,000,000/- (United States Dollar Six Million Only). Percentage of shareholding will be up to 8% after the proposed equity investment by the Company.
In case of investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired;	Not Applicable as M/s Triconboston Consulting Corporation (Pvt) Limited is Private Limited Company.
Fair market value of these securities	Since the company is still in its preliminary stages of development and have not commenced the electricity generation through wind energy, no revenues have been earned till the year ended December 31, 2016. In absence of actual business activities it is difficult to

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	estimate the value of the share. Hence in the absence of the said information, the management of the company estimates the fair value of the shares should be equivalent to the book value that is PKR 10/- per share.
Break-up value of securities intended to be acquired on the basis of latest audited financial statements	Rs. 7.66 Per Share
Earnings per share of the associated company or associated undertaking for the last three years	Loss per share for the year: <ul style="list-style-type: none"> <li>• 2016 - Rs. (3.85)</li> <li>• 2015 - Rs.(1.02)</li> <li>• 2014- Rs. Nil</li> </ul>
Sources of funds for advance	From its own sources as well as borrowing from the Financial Institutions
Where the securities are intended to be acquired using borrowed funds,-  (I) justification for investment through borrowings; and  (II) detail of guarantees and assets pledged for obtaining such funds;	I) The return on Equity Investment in TBCCPL is over 17% indexed to exchange rates whereas the borrowing cost is KIBOR + upto 1%. This investment will yield better returns over the year to the company.  II) Short Term Investments in stocks and shares shall be pledged as security/collateral
Salient features of all agreements	Shareholder Agreement (or any other similar agreement e.g. joint development agreement) (and Share Subscription Agreement) regulating rights and obligations of the Company vis a vis other shareholders and management of business and affairs of the Associated Company.  Shareholder's Contribution Agreement: For the purpose of making equity contributions.  Sponsor Support Agreement: For the Purpose of financial support to the Associated Company in relation to the Projects.
Direct or indirect interest of directors, sponsors, majority shareholders and their relatives	Common Directors. Each Common Director has one (1) share each in TBCCPL as nomine Director of Sapphire Textile Mills Limited. They have no direct or indirect interest except to the extent of shareholding in the investee company.
Any other important details necessary for the members to understand the transaction	The company intends to invest in TBCCPL for the development of a 150 MW Wind Power Project in the context that the country is facing severe shortage of electricity and Government of Pakistan has announced the lucrative incentives for investment in power sector, especially in Renewable Energy Sector, which includes: <ul style="list-style-type: none"> <li>• Tax exemptions for the life of the project.</li> <li>• Guaranteed off-take of shower generation</li> <li>• Government of Pakistan Guarantees for payment of power off-take.</li> <li>• Levelized tariff includes financial costs (Loan &amp; Interest) repayment to Lenders.</li> <li>• Allocation of sizeable land by the Government of Sindh through Alternative Energy Development Board in Wind Corridor</li> </ul>

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	<ul style="list-style-type: none"> <li>• Wind Power Projects are not exposed to availability &amp; prices of fuel.</li> <li>• Determined upfront tariff is worked to aim 17% return on equity, with no floor or cap on return on investment, due to wind speed</li> </ul>
Description of the project and its history since conceptualization	<p>TBCCPL has been incorporated solely for the purpose of development of the Wind Power Projects under renewable energy policy of the company.</p> <p>The Associated Company will sell power to the Central Power Purchasing Agency (Guarantee) Limited (the “<b>Energy Purchaser</b>”) within the framework of the project documents specified under the Policy for Development of Renewable Energy for Power Generation, 2006 (the “<b>RE Policy</b>”). The term of each off-take agreement i.e. the Energy Purchase Agreement (the EPA), to be executed between the Associated Company and the Energy Purchaser would be twenty (20) years.</p> <p>The National Electric Power Regulatory Authority has granted three generation licenses and tariffs to the Associated Company for the Projects and the concession agreements with the Energy Purchaser and Government of Pakistan are finalized.</p> <p>The Onshore Construction Contracts, Offshore Supply Contracts and Project Coordination Agreements for the construction, installation, procurement, testing and commissioning of the Projects are also executed.</p>
Starting and expected date of completion of work	Financial close is expected in March 2017, work will commence in April 2017 and the expected date for commercial operations is September 2018.
Time by which such project shall become commercially operational	Expected Date of Commercial operations is September 2018.
Expected time by which the project shall start paying return on investment	It is expected that the project will start paying returns in two (2) to three (3) years from commercial operations date

### **Statement in relation to Investment by way of other financial engagements:**

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	Triconboston Consulting Corporation (Pvt) Limited Associated Company of Sapphire Fibres Limited due to common directorship.
Amount of loan or advances	(a) 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

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	<p>standby letters of credit, in order to secure the equity amount up-to USD 2,500,000 (United States Dollars Two Million Five Hundred Thousand);</p> <p>(b) Security / collateral, proportionate to its shareholding percentage in the Associated Company, as may be required by the issuing banks in order for: (i) the issuing banks to issue; and (ii) STML to thereby deliver or cause to be delivered, excess debt standby letters of credit, together with any replacement standby letters of credit, for an amount up-to USD 15,000,000 (United States Dollars Fifteen Million);</p> <p>(c) Security / collateral, proportionate to its shareholding percentage in the Associated Company, as may be required by the issuing banks in order for: (i) the issuing banks to issue, and (ii) the Associated Company to thereby deliver or cause to be delivered, standby letters of credit, together with any replacement standby letters of credit, for an amount of USD 5,250,000 (United States Dollars Five Million Two Hundred Fifty Thousand) under its Energy Purchase Agreements.</p>			
<p>Purpose of loans or advances and benefits likely to accrue to the investing company and its members from such loans or advances</p>	<p>(a) For the equity standby letters of credit: To secure the Company's equity investment in the Associated Company and meet the Company's commitments made under the Sponsor Support Agreement.</p> <p>(b) For the debt service reserve standby letters of credit: To meet the Company's commitments made under the Sponsor Support Agreement.</p> <p>(c) For the excess debt standby letters of credit: To meet the Company's commitments made under the Sponsor Support Agreement.</p> <p>(d) For the EPA standby letters of credit: To provide security / collateral to the issuing bank for the same to issue standby letters of credit in favour of the Energy Purchaser under the Associated Company's Energy Purchase Agreements for the Projects.</p> <p>The Company shall earn an annual return on investments made in the Projects.</p>			
<p>Details of any loan that has already been granted to the Associated Company, if any</p>	<p>Not Applicable</p>			
<p>Financial Position of the Associated Company.</p>	<p>Financial Position from un-audited Accounts of 31<sup>st</sup> December, 2016</p> <table border="1" data-bbox="774 2078 1329 2148"> <tr> <td>Property Equipment</td> <td>Plant &amp;</td> <td>Rs.407,830,476</td> </tr> </table>	Property Equipment	Plant &	Rs.407,830,476
Property Equipment	Plant &	Rs.407,830,476		

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	Long term advances and deposits	Rs.110,708,463
	Current Assets	Rs.81,396,875
	Current Liabilities	Rs. 96,516,539
	Issued, Subscribed & Paid Up Capital	Rs. 366,590,000
	Advances against issue of Shares	Rs. 227,120,000
	Accumulated Losses	Rs. (90,290,724)
Average borrowing cost of Company	Not applicable.	
Rate of interest/mark-up/profit/fees/commission etc. to be charged to associated company	Not applicable.	
Sources of funds for advance	Not applicable.	
Where loans or advances are being granted using borrowed funds,- (I) justification for granting loan or advance out of borrowed funds; (II) detail of guarantees / assets pledged for obtaining such funds, if any; and (III) repayment schedules of borrowing of the investing company	Not applicable.	
Particulars of collateral security to be obtained against loan to the Associated Company, if any	Not Applicable	
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	<p>(a) The equity standby letter(s) of credit shall be valid for twelve (12) months;</p> <p>(b) The excess debt standby letter(s) of credit shall be valid until maturity of the Projects' loan; and</p> <p>(c) The standby letter(s) of credit to be issued for the Energy Purchase Agreements shall be valid for eighteen (18) months.</p>	
Salient features of all agreements	<p>Shareholders' Agreement (or any other similar agreement e.g. joint development agreement) (and Share Subscription Agreement): Regulating rights and obligations of the Company vis a vis other shareholders and management of business and affairs of the Associated Company.</p> <p>Shareholder's Contribution Agreement: For the purpose of making equity contributions.</p>	

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	Sponsor Support Agreement: For the purpose of financial support to the Associated Company in relation to the Projects.
Interest of directors, majority shareholders and their relatives	Common Directors. Each Director has 1 share each in the Associated Company as nomine director. They have no direct or indirect interest except to the extent of shareholding in the investee company.
Any other important details	None
Description of the project and its history since conceptualization	<p>TBCCPL has been incorporated solely for the purpose of development of the Wind Power Projects under renewable energy policy of the company.</p> <p>The Associated Company will sell power to the Central Power Purchasing Agency (Guarantee) Limited (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 each off-take agreement i.e. the Energy Purchase Agreement (the EPA), to be executed between the Associated Company and the Energy Purchaser would be twenty (20) years.</p> <p>The National Electric Power Regulatory Authority has granted three generation licenses and tariffs to the Associated Company for the Projects and the concession agreements with the Energy Purchaser and Government of Pakistan are finalized.</p> <p>The Onshore Construction Contracts, Offshore Supply Contracts and Project Coordination Agreements for the construction, installation, procurement, testing and commissioning of the Projects are also executed.</p>
Starting and expected date of completion of work	Financial close is expected in March 2017. The work will commence on April 2017 and the expected date for the last commercial operations for the three Projects is September 2018.
Time by which such project shall become commercially operational	The expected date for the last commercial operations for the three Projects is September 2018.
Expected return on total capital employed in the project	Approximately upto 17%

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
- 5.) Mr. Yousuf Abdullah