

## **NOTICE OF EXTRAORDINARY GENERAL MEETING OF RELIANCE WEAVING MILLS LIMITED**

Notice is hereby given that the Extraordinary General Meeting of the shareholders of Reliance weaving Mills Limited will be held at 2<sup>nd</sup> Floor Trust Plaza L.M.Q. Road Multan on May 31, 2014 at 10.00 hours to consider the following agenda:

### **Ordinary Business**

1. To confirm the Minutes of Extra Ordinary General Meeting held on November 22, 2013.
2. To discuss any other business with the permission of the Chair.

### **Special Business**

1. To discuss and seek approval of the shareholders of the following resolutions, with or without modifications, in compliance with section 208 of the Companies Ordinance 1984, regarding enhancement of investment/advances (Funded & Non funded) from Rs. 2,200 (M) to Rs. 4,000 (M) in Associated Company Fatima Energy Ltd.

**RESOLVED THAT** the Company is hereby authorized subject to enhance the investment/advance limit (funded and unfunded) from Rs. 2,200 (M) to Rs. 4,000 (M) in compliance with the Section 208 of the Companies Ordinance, 1984.

**ALSO RESOLVED THAT** the equity investment of the Company in M/s Fatima Energy Ltd will not exceed 31.25% of the project cost of M/s Fatima Energy Ltd.

**FURTHER RESOLVED THAT** the investment/advances amount can be used in the form of Issuance of Bank Guarantees, L/Cs, SBLCs, advances etc and any such interest bearing instruments.

**RESOLVED FURTHER** the company will charge markup until the date the shares are issued against the outstanding balances.

**FURTHER RESOLVED THAT** the any director, CFO and the Secretary of the Company be and are each hereby authorized singly to take all steps necessary in this regard, including but not limited to negotiating and executing any necessary agreements/documents, seeking any relevant regulatory approvals, and any ancillary matters thereto."

Note. Presently Company M/s Reliance Weaving Mills Ltd has no shares in Fatima Energy Limited representing 0% of the total paid up capital. In addition, the following directors and sponsors of the Company also hold shares in Fatima Energy Limited as per detail below:

| <b>Name of shareholder</b> | <b>No. of Shares</b> |
|----------------------------|----------------------|
| Mr. Fawad Ahmed Mukhtar    | 5,000                |
| Mr. Fazal Ahmed Sheikh     | 5,000                |
| Mr. Faisal Ahmed Mukhtar   | 5,000                |
| Mrs. Fatima Fazal          | 5,000                |
| Mrs. Farah Faisal          | 5,000                |

By the order of the Board

Dated: 09.05.2014  
Place : Multan

AFTAB AHMED QAISER  
COMPANY SECRETARY

### **NOTES**

The Share Transfer Books of the company will remain closed from May 25, 2014 to May 31, 2014 (both days inclusive). Shares received in order to our Registrar on following address during the office hours dated May 24, 2014 will be treated in time for the transfer.

### **CDC Share Registrar Service 307- 2<sup>nd</sup> Floor Upper Mall, Lahore**

2. A member eligible to attend and vote at the Meeting may appoint another member as his / her proxy to attend, and vote instead of him/her. Proxies in order to be effective must be received by the Company at the Registered Office not later than 48 hours before the time for holding the meeting in the working hours.
3. Any individual beneficial owner of C.D.C. entitled to attend and vote at this meeting must bring his/her identity and in case of proxy must enclose an attested copy of his / her National Identity Card (NIC) or Passport. Representatives of corporate members should bring the usual documents required for such purposes.
4. Members are requested to notify any changes in their addresses immediately.

**Statement U/S 160 (I) (b) of the Companies Ordinance 1984 and the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012 Regarding the Special Business.**

Fatima Energy Limited, is a public unquoted company engaged in the business of generation of electricity, is an associated company of Reliance Weaving Mills Limited (the "Company") by virtue of common directorship and shareholding. Management of the Company is hopeful that this would be a good investment and can pay healthy returns in the shape of mark up and dividends.

Company M/s Reliance Weaving Mills Ltd had already passed a Special Resolution on November 22, 2013 regarding issuance of an advance of Rs. 2.2(B). Due to contingencies and other factors contribution amount and percentage of Reliance Weaving Mills has been enhanced that's why company intends to enhance investment/advances limit up to Rs. 4,000(M).

**In Compliance of Companies (Investment in Associated Companies and Associated Undertakings) Regulation, 2012 the following information is required to be annexed with the special resolution for approval of the investment for the purpose of Section 208 of the Companies Ordinance.**

**ADVANCE**

- (i) **Name of Investee Company:** Fatima Energy Limited  
Registration No and date: 0047770, Dated: 22.06.04  
Registered Office Address: E-110, Khyaban-e-Jinnah Lahore  
Authorized Share capital: Rs. 10 (M)  
Paid up Capital: Rs. 350,000

**Shareholders:**

| Sr. No. | Name of Director/shareholder | No. of Shares |
|---------|------------------------------|---------------|
| 1.      | Mr. Fawad Ahmed Mukhtar      | 5,000         |
| 2.      | Mr. Fazal Ahmed Sheikh       | 5,000         |
| 3.      | Mr. Faisal Ahmed Mukhtar     | 5,000         |
| 4.      | Mrs. Ambreen Fawad           | 5,000         |
| 5.      | Mrs. Fatima Fazal            | 5,000         |
| 6.      | Mrs. Farah Faisal            | 5,000         |
| 7.      | Mr. Iftikhar Baig            | 5,000         |

Investee Company is an associated company of the Company as it, inter alia, has the following common directors:

|                          |
|--------------------------|
| Mr. Fawad Ahmed Mukhtar  |
| Mr. Fazal Ahmed Sheikh   |
| Mr. Faisal Ahmed Mukhtar |
| Mrs. Fatima Fazal        |
| Mrs. Farah Faisal        |

- (ii) **Amount of loans or advances;**  
Aggregating to Rs 4.0 Billion (Funded and non-funded) Loans/advance for investment in Investee Company will be given with in the period of two to three years
- (iii) **Purpose of loans or advances and benefits likely to accrue to the investing company and its members from such loans or advances;**

Reliance Weaving Mills Limited ("RWML"), Fatima Sugar Mills Limited ("FSML"), along with Fazal Cloth Mills Limited ("FCML") (collectively the "Sponsors") are group companies of the Fatima Group ("Fatima Group"), intends to set up a 120 MW co-generation power project ("the Project"), through Fatima Energy Limited ("FEL"), a special purpose company, based on bagasse and imported coal. Out of the total weighted average net capacity of 100.53 MW, electricity will be sold directly to the Fatima Group companies as per their requirement. Main benefit of such investment is to supply the Company, electricity without any interruption which will boost profitability of the company because of reduction in the usage of alternative power generation sources which costs approx. 26/- per unit. On the other hand WAPDA is already suffering from 4,000 MW shortfalls and costing to Rs. 15/- approx. per unit after recent tariff hike. That is why management of Fatima Group initiated such step to avoid dependence on WAPDA. The Company will be benefited as it will earn mark up until shares are issued against its investment and also benefit in the form of Dividends once shares are issued.

- (iv) **In case any loan/advances has already been granted to the said associated company or associated undertaking, the complete details thereof;**

Rs. 311 million

- v) **Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements;**

| <b>LIABILITIES</b>                | <b>Rs.</b> |           |
|-----------------------------------|------------|-----------|
| Paid-up capital                   | 0.35       | (M)       |
| Accumulated profit/(Loss)         | (8.35)     | (M)       |
| Loans from related parties        | 307.9      | (M)       |
| Markup payable to related parties | 83.9       | (M)       |
| Other payables                    | 3.58       | (M)       |
|                                   | Total      | 387.4 (M) |
| <b>ASSETS</b>                     |            |           |
| Property & Equipment              | 376.2      | (M)       |
| Prepayments, cash & bank balance  | 11.24      | (M)       |
|                                   | Total      | 387.4 (M) |

  

|                                |         |     |
|--------------------------------|---------|-----|
| Profit & (Loss) as at 30.06.13 | (8..35) | (M) |
|--------------------------------|---------|-----|

- (vi) **Average borrowing cost of the investing company or in case of absence of borrowing the Karachi Inter Bank Offered Rate for the relevant period;**  
KIBOR + 1.25%
- (vii) **Rate of interest, mark up, profit, fees or commission etc. to be charged;**  
2.5% above KIBOR
- (viii) **Sources of funds from where loans or advances will be given;**  
Retained earnings and cash flow of the Company
- (ix) **Where loans or advances are being granted using borrowed funds,-**  
NA
- (I) **Justification for granting loan or advance out of borrowed funds;**  
NA
- (II) **Detail of guarantees / assets pledged for obtaining such funds, if any; and**  
NA
- (III) **Repayment schedules of borrowing of the investing company;**  
NA
- (x) **Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any;**  
N/A, as the investment is an advance for shares
- (xi) **If the loans or advances carry conversion feature i.e. it is convertible into shares, 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;**  
Equal amount of 31.25% of project cost will be converted into ordinary shares of Investee Company. Shares will be issued as soon as the company proceeds to issue shares as per Companies Ordinance, 1984.

**Conversion Formula:-**

Reliance Weaving Mills Ltd will purchase the shares of Fatima Energy Ltd maximum @ Rs. 10/- per share against entire outstanding amount,

**Circumstances in which conversion may take place:-**

This conversion will take place post financial close of project and will continue until the project begins commercial operations.

**Time when the conversion may be exercisable:-**

Investee Company will issue shares post financial close of the project and will continue to do so when the project begins commercial operations, until shares against entire investment are issued.

**(xii) Repayment schedule and terms of loans or advances to be given to the investee company;**

31.25% of investment amount will be converted into shares of Investee Company and outstanding will be repaid. Shares will be issued as soon as the company proceeds for the issuance of shares. Until that time, markup will be charged on the investment

**(xiii) Salient feature of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment;**

Draft attached

**(xiv) Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;**

The Directors are sponsors of the investee Co.

**(xv) Any other important details necessary for the members to understand the transaction; and**

NA

**(xvi) In case of investment in a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information is required, namely,-**

**1) A description of the project and its history since conceptualization;**

Project Information Memorandum is attached herewith.

**2) Starting date and expected date of completion;**

Construction starting date October 01, 2013  
Completion of work date (TENTATIVE) Early, 2016

**3) Time by which such project shall become commercially operational;**

Commercial Operation Date (TENTATIVE) Early, 2016

**4) Expected return on total capital employed in the project; and**

The rate of return of 16% in case of coal generation and 18% in case of generation on bagasse.

**5) Funds invested or to be invested by the promoters distinguishing between cash and non-cash amounts**

Total Cash

**EQUITY**

**(i) Name of Investee Company: Fatima Energy Limited**

Registration No and date: 0047770, Dated: 22.06.04  
Registered Office Address: E-110, Khyaban-e-Jinah Lahore  
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| Mr. Fawad Ahmed Mukhtar  |
| Mr. Fazal Ahmed Sheikh   |
| Mr. Faisal Ahmed Mukhtar |
| Mrs. Fatima Fazal        |
| Mrs. Farah Faisal        |

**(ii) Purpose, benefits and period of investment;**

Reliance Weaving Mills Limited (“RWML”), Fatima Sugar Mills Limited (“FSML”), along with Fazal Cloth Mills Limited (“FCML”) (collectively the “Sponsors”) are group companies of the Fatima Group (“Fatima Group”), intends to set up a 120 MW co-generation power project (“the Project”), through Fatima Energy Limited (“FEL”), a special purpose company, based on bagasse and imported coal. Out of the total weighted average net capacity of 100.53 MW, electricity will be sold directly to the Fatima Group companies as per their requirement. Main benefit of such investment is to supply the Company, electricity without any interruption which will boost profitability of the company because of reduction in the usage of alternative power generation sources which costs approx. 26/- per unit. On the other hand WAPDA is already suffering from 4,000 MW shortfalls and costing to Rs. 15/- approx. per unit after recent tariff hike. That is why management of Fatima Group initiated such step to avoid dependence on WAPDA. The Company will be benefited as it will earn mark up until shares are issued against its investment and also benefit in the form of Dividends once shares are issued

**(iii) Maximum amount of investment;**

Rs. 4,000 million which will be given with in the period of two to three years

**(iv) Maximum price at which securities will be acquired;**

Rs. 10/- per share

**(v) Maximum number of securities to be acquired;**

Equal amount of 31.25% of the project cost of FEL

**(vi) Number of securities and percentage thereof held before and after the proposed investment;**

Presently company has no shares within 0% - & maximum 4.00 billion within 31.25% of project cost (whichever is less) after equity investment

**(vii) in case of investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired;**

NA

**(viii) In case of investment in unlisted securities, fair market value of such securities determined in terms of regulation 6(1);**

Rs. (125.20) per share

**(ix) Break-up value of securities intended to be acquired on the basis of the latest audited financial statements;**

Rs. (125.20) per share

**(x) Earning per share of the associated company or associated undertaking for the last three years;**

NA

**(xi) Sources of fund from which securities will be acquired;**

Retained Earnings and cash flow of the Company.

**(xii) Where the securities are intended to be acquired using borrowed funds,-**

NA

**(I) Justification for investment through borrowings; and**

NA

**(II) Detail of guarantees and assets pledged for obtaining such funds;**

NA

**(xiii) Salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment;**

Enclosed

- (xiv) **Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;**  
The Directors are sponsors of the investee Co.
- (xv) **Any other important details necessary for the members to understand the transaction; and**  
NA
- (xvi) **In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information, is required, namely,-**

**1) A description of the project and its history since conceptualization;**

Project Information Memorandum is attached herewith.

**2) Starting date and expected date of completion;**

|                                     |                    |
|-------------------------------------|--------------------|
| Construction starting date          | October 01, 2013   |
| Completion of work date (TENTATIVE) | <u>Early, 2016</u> |

**3) Time by which such project shall become commercially operational;**

|                                       |                    |
|---------------------------------------|--------------------|
| Commercial Operation Date (TENTATIVE) | <u>Early, 2016</u> |
|---------------------------------------|--------------------|

**4) Expected return on total capital employed in the project; and**

The rate of return of 16% in case of coal generation and 18% in case of generation on bagasse.

**5) Funds invested or to be invested by the promoters distinguishing between cash and non-cash amounts**

Total Cash