

AGENDA NOTICE 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 2nd Floor Trust Plaza L.M.Q. Road Multan on July 13, 2015 at 11.00 hours to consider the following agenda:

Ordinary Business

1. To confirm the Minutes of Annual General Meeting held of October 30, 2014.
2. To discuss any other business with the permission of the Chair.

Special Business

1. To discuss the matter and seek approval of the following resolutions by the shareholders with or without modifications, in compliance with section 208 of the Companies Ordinance 1984, regarding investment of Rs. 100,000,000 in its Associated Company Fatima Transmission Company Ltd ("FTCL") and to authorize the company to invest by way of Advance/loans/equity in FTCL.

A. RESOLVED that Company be and is hereby authorized to invest in the equity of Fatima Transmission Company Ltd up to the amount of Rs. 100,000,000 and utilize such amount as follows:

i) for investment in the form of an advance, which is to be converted into ordinary shares of the Company, and to charge mark up until the date shares are issued against the advance.; and

ii) for investment in the form of loans, guarantees indemnity or any other financial engagement Bank Guarantees, SBLCs, may be converted into Ordinary Share Capital of Fatima Transmission Company Ltd.

B. ALSO RESOLVED that any investment in Fatima Transmission Company Limited(FTCL), whether by way of equity, loan, guarantee or advance shall not in aggregate exceed Rs. 100 (M) or 31.25% of the equity of FTCL.

FURTHER RESOLVED that the Company Secretary and any director 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 Transmission Company Limited. The following directors and sponsors of RWML hold shares in Fatima Transmission Company Limited as detailed below:

Name of shareholder	No. of Shares
Mr. Fawad Ahmed Mukhtar	1
Mr. Fazal Ahmed Sheikh	1

By the order of the Board

Aftab Ahmed Qaiser
(Company Secretary)

Dated: 20.06.15
Place: Multan

NOTES

1. The Share Transfer Books of the company will remain closed from July 06, 2015 to July 13, 2015(both days inclusive). Shares received in order to our Registrar on following address during the office hours dated July 12, 2015 will be treated in time for the transfer.
CDC Share Registrar Service 307- 2nd 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**

Fatima Transmission Company Limited, which is a public Ltd unquoted company. FTCL will own and operate a Special Purpose Transmission Line and will charge Use-of-System Charges (Wheeling charges) against use of transmission line for transmission of power. It is an associated company of Reliance Weaving Mills Limited (the "Company") by virtue of common directorship. Management of the Company is hopeful that this would be a good investment and can pay healthy return in shape of mark up and dividends. Main benefit of such investment is to supply the Company, electricity without any interruption which will boost profitability of the company because company is using very expensive alternative power generation sources. On the other hand, WAPDA already is suffering from 4,000 MW shortfall. That is why management of Fatima Group initiated such step to avoid dependence on WAPDA. To cater these objects above resolution is to be sought.

- **In Compliance of Companies (Investment in Associated Companies and Associated Undertakings) Regulations, 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.**

FOR LOANS AND ADVANCE

(i) Name of Investee Company:	Fatima Transmission Company Limited
(a) Registration No and date:	0091244, Dated: 26.12.14
(b) Registered Office Address:	E-110, Khyaban-e-Jinah Lahore
(c) Authorized Share capital:	Rs. 1 (M)
(d) Paid up Capital:	Rs. 350,020
(e) Shareholders:	

Sr. No.	Name of shareholder	No. of Shares
1.	Mr. Fawad Ahmed Mukhtar	1
2.	Mr. Fazal Ahmed Sheikh	1
3.	Mr. Rehman Naseem	1

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

(ii) Amount of loans or advances;

Overall aggregate limit of investment of Rs.100 million to be utilized as follows:

- a) advance for shares of Investee Company which will be given as per requirement of investee Company
b) by way of loans, SBLC, guarantees, indemnity or any other financial engagement as per requirement of investee Company. Any amount called under a guarantee, indemnity, or financial engagement shall also be considered a advances/loan.

(iii) Purpose of loans or advances and benefits likely to accrue to the investing company and its members from such loans or advances;

✚ Fazal Cloth Mills Limited (“FCML”), Fatima Holding Limited (“FHL”) and Reliance Weaving Mills Limited (“RWML”) (collectively the “Sponsors”) - group companies of the Fatima Group (“Fatima Group”), have established **Fatima Transmission Company Limited (“FTCL”)**. FTCL will own and operate a Special Purpose Transmission Line and will charge Use-of-System Charges (Wheeling charges) against use of transmission line for transmission of power.

✚ To facilitate the investee company for setting up and operate a special purpose transmission line for supply/transmission of electricity to associated & group companies including our Company. Main benefit of such investment to the Company is to ensure the uninterrupted supply of electricity to the Company for smooth running of its full production capacity and operations. This will also boost profitability of the investing Company as currently the Company is using alternative power generation sources which are very expensive because WAPDA is already suffering from approximately 4,000 Mega Watt shortfall of electricity resulting frequent electricity load shedding. Therefore, the management of the Company initiated such steps to avoid dependence on WAPDA. Company will also earn dividend income from this investment.

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

No loan or advance has been granted.

(v) Latest Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking;

Since the Company was incorporated just on December 26, 2014, hence no financial statements have been prepared as yet.

(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

(a) Justification for granting loan or advance out of borrowed funds;

NA

(b) Detail of guarantees / assets pledged for obtaining such funds, if any; and

NA

(c) 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 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;

The advance for shares (and any unpaid markup) will be converted into Ordinary Shares in accordance with the formula noted below. For any loans, the company may agree to repay in the form of shares in which case any agreed amount of loans will be converted to ordinary shares of the investee company.

(a) Conversion Formula:-

Reliance Weaving Mills Ltd will purchase the shares of Fatima Transmission Company Ltd maximum @ Rs. 10/- per share against amount agreed to be converted,

(b) Circumstances in which conversion may take place:-

As per agreement of the parties.

(c) Time when the conversion may be exercisable:-

Probably after post financial close of the project.

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

- i) Regarding advance for shares, total investment amount will be converted into shares of Investee Company. Shares will be issued as soon as the company proceeds to a rights issue. Until that time, markup will be charged on the investment
ii) Regarding loans, no loans are presently made and the companies may agree to any repayment as and when terms of the loans (other than those noted in the statement herein) are agreed.

(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 “Annexure B”

(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 Company.

(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,-

- (I) **A description of the project and its history since conceptualization;**
Project Information Memorandum is attached herewith. "Annexure A"
- (II) **Starting date and expected date of completion;**
Construction starting date May 2015
Completion of work date (TENTATIVE) September 2015
- (III) **Time by which such project shall become commercially operational;**
Commercial Operation Date (TENTATIVE) October 2015
- (IV) **Expected return on total capital employed in the project; and**
The rate of return 17%.

(V) **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 Transmission Company Limited

- (a) Registration No and date: 0091244, Dated: 26.12.14
(b) Registered Office Address: E-110, Khyaban-e-Jinah Lahore
(c) Authorized Share capital: Rs. 1 (M)
(d) Paid up Capital: Rs. 350,020
(e) Shareholders:

Sr. No.	Name of shareholder	No. of Shares
1.	Mr. Fawad Ahmed Mukhtar	1
2.	Mr. Fazal Ahmed Sheikh	1
3.	Mr. Rehman Naseem	1

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

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

✚ Fazal Cloth Mills Limited ("FCML"), Fatima Holding Limited ("FHL") and Reliance Weaving Mills Limited ("RWML") (collectively the "Sponsors") - group companies of the Fatima Group ("Fatima Group"), have established **Fatima Transmission Company Limited ("FTCL")**. FTCL will own and operate a Special Purpose Transmission Line and will charge Use-of-System Charges (Wheeling charges) against use of transmission line for transmission of power.

✚ To facilitate the investee company for setting up and operate a special purpose transmission line for supply/transmission of electricity to associated & group companies including our Company. Main benefit of such investment to the Company is to ensure the uninterrupted supply of electricity to the Company for smooth running of its full production capacity and operations. This will also boost profitability of the investing Company as currently the Company is using alternative power generation sources which are very expensive because WAPDA is already suffering from approximately 4,000 Mega Watt shortfall of electricity resulting frequent electricity load shedding. Therefore, the management of the Company initiated such steps to avoid dependence on WAPDA. Company will also earn dividend income from this investment.

✚ This is a long term investment in the equity of the investee company.

(iii) **Maximum amount of investment;**
Up-to Rupees 100 million

(iv) **Maximum price at which securities will be acquired;**
Rs. 10/- per share

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

(vi) **Number of securities and percentage thereof held before and after the proposed investment;**
Presently Nil 0% - and maximum 10 (M) shares or 31.25% of the equity of investee Company

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

NA because Company in unlisted

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

The Company was incorporated just on 26th December, 2014. No financial statements have been prepared yet as assets and liabilities do not exist. Therefore value of its share cannot be determined under clause 6(1) of the Regulations.

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

Since Investee Company incorporated just on 26th December 2014, hence no financial statements have been published as yet. Therefore Break-up value of its securities cannot be determined

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

Since the Company was incorporated just on 26th December 2014, hence no financial statements have been prepared. Therefore EPS cannot be determined

(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 as "Annexure B"

(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 in investee Company.

(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,-

(I) A description of the project and its history since conceptualization;

Project Information Memorandum is attached herewith.

"Annexure A"

(II) Starting date and expected date of completion;

- Construction starting date
- Completion of work date (TENTATIVE)

May 2015
September 2015

(III) Time by which such project shall become commercially operational;

Commercial Operation Date (TENTATIVE)

October 2015

(IV) Expected return on total capital employed in the project; and

The rate of return

17%.

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

Total Cash.

INFORMATION MEMORANDUM
Fatima Transmission Company Limited

1. Transmission of electric power in Pakistan is a regulated activity. In order to undertake transport and delivery the electric power generated by Fatima Energy Limited (the "FEL") to its bulk power consumers (involving MEPCO lines) located within the territory of National Grid Company, the Petitioner company has been incorporated as a special purpose vehicle (SPV), inter alia, in compliance with Section-24 of the NEPRA Act and requires a permission from NEPRA.

2. The objective of the company will, inter alia, engaging in the activities relating to the business of construction, ownership, management, control, operation and maintenance of the transmission lines, electrical transmission facilities, electrical circuits, transformers and sub- stations as well as the movement and delivery of electric power on transmission lines, undertaking transmission activities and transmission business, interconnection services and facilities and the matters connected therewith and incidental thereto.

3. FEL is developing a USD 250 million power project and timely power evacuation of electrical energy from the generation plant to National Grid is critical for success of the project, failing which serious damage will be faced by FEL. Needless to say that the timely and proper evacuation of power will guarantee the flow of revenues which will be utilized inter alia to fulfill the debt obligations and ensure smooth and uninterrupted operation of the power plant. Any default or disruption in the revenue stream will create a doom's day scenario for the project. Therefore, a workable and robust power evacuation scheme is mandatory to be put in place which inspires confidence to project developers and lenders. In this backdrop, after extensive deliberations, involving all the key stakeholders, an Energy Wheeling Agreement was executed with an expectation that the project would be able to operate seamlessly. However MEPCO's inability to construct interconnection works requires an alternate solution. The establishment of FTCL will mitigate and solve this risk and facilitate FEL to sell its power to designated bulk power consumers as per power purchase agreements to avoid imposition of any liquidated damages.

4. The sponsors of FTCL are entities of Fatima Group comprising of Fatima Holding Company, Reliance Weaving Mills Limited and Fazal Cloth Mills Limited (the "FCML"). The FTCL is a private limited company established under the laws of Pakistan. Copies of the Certificate of Incorporation and the Memorandum and Articles of Association are available.

AGREEMENT

This Agreement, dated _____, 2015 ("Effective Date") is entered into by and between:

a) Reliance Weaving Mills Ltd (RWML) , a company existing under the laws of Pakistan with its offices at 2nd Floor Trust Plaza L.M.Q. Road Multsn , Pakistan (hereinafter referred to as "RWML", which term shall include its successors in interest and assigns) of the first part;

and

b) Fatima Transmission Company Limited (FTCL), a company existing under the laws of Pakistan with its office at E-110, Khayaban-e-Jinnah Lahore (hereinafter referred to as "FTCL", which term shall include its successors in interest and assigns)of the second part

- RWML and FTCL are hereinafter referred to collectively as the "parties" and individually as the "party".
- The above expressions shall, wherever used, unless excluded by or repugnant to the context, be deemed to include their respective executors, administrators, legal representatives and/or assigns.
- Whereas FTCL requires funds for the purposes of establishing, construction, functionality and operations of the company ("Purpose"); and
- Whereas RWML will make the necessary investment in FTCL, which is an associated company, by way of Equity, Advance or loan of an amount of Rs.____ Million as Advance which will later converted into equity of the FTCL .

Whereas FTCL has agreed to obtain , and RWML has agreed to provide, the Advance/Loan in accordance with the terms of this Agreement

In consideration of the covenants, conditions and agreements set forth herein, the parties agree as follows:

1. The mark-up which will be charged or accrued at the rate of one month KIBOR+2.50% but not less than the borrowing cost of RWML. Markup will be payable on quarterly basis or otherwise accrued.
2. Mark-up will be charged till the shares issued by FTCL and outstanding amount will be paid-back other-wise marck will be accrued on outstanding amount till the payment is made. .
3. This Agreement shall stand terminated on the discharge of liability.
4. This Agreement shall be governed by the laws of Pakistan.
5. Any notice given under this Agreement shall be effective, if sent by mail, on the business day following the date of posting the same by courier, and if by personal delivery on the date of such delivery. Any and all notices required under this Agreement shall be in writing and shall be delivered to the Party entitled to receive the same by hand or by courier on the following addresses:

- a. If to RWML , 2nd Floor Trust Plaza L.M.Q. Road Multan.
- b. If to FTCL : Chief Financial Officer , E-110, Khayaban-e-Jinnah, Lahore Cantt.

RWML has right to call-back outstanding amount (after issuance of equity shares) with one month notice.

IN WITNESS WHEREOF the Parties hereto have made and executed this Agreement on the day, month and year first above written.

For and on behalf of
RWML

For and on behalf of
FTCL

Witnesses:

1. _____

2. _____