

## AGENDA NOTICE OF RELIANCE WEAVING MILLS LIMITED

Notice is hereby given that the Extra-ordinary 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 November 30, 2016 at 11.00 hours to consider the following agenda:

### Ordinary Business

1. To confirm the Minutes of Annual General Meeting held of October 31, 2016.
2. To discuss any other business with the permission of the Chair.

### Special Business

1. To obtain consent of the members to transmit the Annual Audited Financial Statements of the Company together with the Directors' & Auditors' reports thereon to the members through CD/DVD/USB at their registered addresses by way of passing following resolution:-

**RESOLVED that the requisite consent of the members of the Company be and is hereby accorded and the Company is authorized to transmit the Annual Audited Financial Statements of the Company together with the Directors' & Auditors' reports thereon to the members through CD/DVD/USB at their registered addresses, instead of transmitting said statements in the form of hard copies.**

2. To discuss the matter 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 from Rs. 100 million to Rs. 300 million in 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 enhance investment limit from Rs. 100 M to Rs. 300 M in the equity of Associated Company Fatima Transmission Company Ltd 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, issuance of Corporate Guarantees, Indemnity, L/Cs, Bank Guarantees, SBLCs, or any other financial engagement may be converted into Ordinary Share Capital of Fatima Transmission Company Ltd.**

**B. ALSO RESOLVED that any investment in Fatima Transmission Company Limited (FTCL), by way of equity, shall not in aggregate exceed Rs. 300 (M) or 31.25% of the equity of FTCL whichever is higher.**

**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 10,937 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: 08.11.16  
Place: Multan

### NOTES

1. The Share Transfer Books of the company will remain closed from November 24, 2016 to November 30, 2016(both days inclusive). Shares received in order to our Registrar on following address during the office hours dated November 23, 2016 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. In compliance with SECP notification, Members are requested to submit their copies of CNIC for the updation of record & necessary action.
5. Members are requested to notify any changes in their addresses immediately.

### • **Statement U/S 160 (I) (b) of the Companies Ordinance 1984**

#### **Special Business No. 1**

Securities & Exchange Commission of Pakistan (SECP) vide its SRO No. 470(1)/2016 dated 31.05.2016 authorized the Companies to transmit Annual Audited Financial Statements of the Company together with the Directors' & Auditors' reports thereon to the members through CD/DVD/USB at their registered addresses by obtaining consent from the shareholder in General Meeting. However SECP & PSX's hardcopies will be sent as per requirement of Companies Ordinance, 1984 & PSX Rules Book. Members are also notified that if they wish to obtain "**Hard Copy**" of Report, company will furnish them hard copy within a week after receiving their request either through written request letter or prescribed "**Standard Request Form**" (will be placed on Company's website after approval of resolution) for the communication of their need of hard copy. To cater these objects above resolution is to be sought.

## **Special Business No. 2**

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 is already 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.300 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, issuance of Corporate Guarantees, Indemnity, L/Cs, Bank Guarantees, SBLCs, 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;  
**Rs. 71,875,000**

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

Total Equity (Excluding revaluation surplus)	123,762,922
Surplus on revaluation of fixed assets	0
Non-Current Liabilities:	0
Current Liabilities:	575,802,601
Non-Current Assets:	698,761,517
Current Assets:	804,006
Sales/ Turnover/ Revenue	0
Gross profit/ loss:	0
Net Profit/ loss:	-5,178,821
Breakup value per share (Rs.)	3,535.88
Earnings per share (Rs.)	-147.96
Current Ratio	0.001 : 1

(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 A"
- (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,-  
NA
- (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 300 million
- (iv) Maximum price at which securities will be acquired;  
Rs. 10/- per share

- (v) Maximum number of securities to be acquired;  
30 (M)
- (vi) Number of securities and percentage thereof held before and after the proposed investment;  
Presently company holds 10,937 shares of Fatima Transmission Company apprx. 31.25% - and in future maximum 30 (M) shares or 31.25% of the equity of investee Company will be acquired.
- (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. Yet Market 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;  
3,535.88
- (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. Therefore EPS of one year is Rs. -147.96
- (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 A"
- (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,-  
NA
- (V) Funds invested or to be invested by the promoters distinguishing between cash and non-cash amounts  
Total Cash.

**Note:- Agreement "Annexure A" annexed with the notice of Extra Ordinary General Meeting sent to the shareholders.**