

## 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 2<sup>nd</sup> Floor Trust Plaza L.M.Q. Road Multan on June 12, 2017 at 12.00 hours to consider the following agenda:

### Ordinary Business

1. To confirm the Minutes of Extraordinary General Meeting held on November 30, 2016.
2. To discuss any other business with the permission of the Chair.

### Special Business

1. To consider and authorize Reliance Weaving Mills Limited (the "**Company**"), as Sponsor, to enter into the agreement entitled "Sponsor Support Agreement" including amendments thereto (the "**SSA**") with Fatima Energy Limited (an associated undertaking) ("**FEL**") and its lenders including Habib Bank Limited, Bank Alfalah Limited and other financial institutions ("**FEL's Lenders**"), and if deemed fit to pass with or without modification the following resolution in terms of section 208 of the Companies Ordinance 1984 as special resolution with or without modification:

**"Resolved that Reliance Weaving Mills Limited (the "Company") as Sponsor, be and is hereby authorized to enter into the agreement entitled "Sponsor Support Agreement including amendments thereto ("SSA") with Fatima Energy Limited (an associated undertaking) ("FEL") and its lenders including Habib Bank Limited, Bank Alfalah Limited and other financial institutions ("FEL's Lenders") along with other sponsors of FEL to fulfill the Company's guarantees/commitments/ Standby Letters of Credit/undertakings to FEL's Lenders in accordance with the terms of the SSA; and**

**The Company, as Sponsor be and is hereby authorized to execute any related agreement(s), documents, undertaking, SBLCs, commitments necessarily required by FEL's Lenders on such terms as may be considered appropriate by the Directors of the Company."**

**"Further resolved that subject to occurrence of default by FEL in repayment of its obligations/liabilities towards FEL's Lenders, the Company will pay to FEL's Lenders 31.25% of FEL's default amount in lump sum or in parts on behalf of FEL, and all such default amounts paid to FEL's Lenders by the Company shall be treated as loans with chargeable mark-up @ KIBOR+ 2.50%\*\* , in terms of section 208 of the Companies Ordinance, 1984."**

**"Further resolved that the Company's equity Investment in FEL will not exceed 31.25% of the required total equity amount as set out in the SSA and any excess amount provided to FEL or on behalf of FEL either in form of advances, loans, guarantees, indemnities, bank guarantees, SBLCs, financial engagement or subject to occurrence of default by FEL in repayment of its obligations/liabilities towards the FEL's Lenders to fulfill its guarantee/commitments/Stand by Letters of Credit(SBLCs)/undertakings to FEL's Lenders in terms of the SSA will be treated as Loans and on entire outstanding amount mark-up will be charged @ KIBOR+2.5%\*\* until FEL pays-back the amount to the Company."**

**"Further resolved that any Director of the company or Company Secretary be and is hereby singly authorized to sign and execute the SSA, related documents, SBLCs, undertakings, commitments and any instruments relating to the SSA on behalf of the Company."**

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. 4,000 million to Rs. 7,523 million and any other amounts demanded by the FEL's Lenders from time to time for the fulfillment of its guarantee/commitments/Standby Letters of Credit(SBLCs)/undertakings to FEL's Lenders under the terms of the SSA in FEL and to authorize the Company to invest by way of Advance/loans/equity in FEL with or without modification.

**"RESOLVED that Company be and is hereby authorized to enhance investment limit from Rs.4.000 Million to Rs.7,523 Million including all other amounts demanded by the FEL's Lenders from time to time for the fulfillment its guarantee/ commitments/Standby Letters of Credit (SBLCs)/undertakings to FEL's Lenders under the terms of the SSA as an advance in FEL up to the retirement of the Company's obligations under the SSA and use 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 @ KIBOR+2.5%\*\* until the date shares are issued against the advance; and
- ii) for investment in the form of loans, guarantees, indemnities, bank guarantees, SBLCs, financial engagement or subject to occurrence of default by FEL in repayment of its obligations/liabilities towards the FEL's Lenders to fulfill its guarantees, commitments, Standby Letters of Credit, undertakings to FEL's Lenders in terms of the SSA will be treated as Loans and on entire outstanding amount mark-up will be charged @ KIBOR+2.5%\*\* until FEL pays-back the amount to the Company."

**ALSO RESOLVED that the Company Secretary and any director of the Company be and are each hereby singly authorized 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 80,016,370 shares in Fatima Energy Limited. The following directors and sponsors of RWML (investing Company) hold shares in Fatima Energy Limited as detailed below:

<b>Name of shareholder</b>	<b>No. of Shares</b>
Mr. Fawad Ahmed Mukhtar	1
Mr. Fazal Ahmed Sheikh	1
Mr. Faisal Ahmed Mukhtar	1
Mr. Fahd Mukhtar	1

By the order of the Board

Aftab Ahmed Qaiser  
(Company Secretary)

Dated:20.05.17  
Place: Multan

#### **NOTES**

1. The Share Transfer Books of the company will remain closed from June 06, 2017 to June 12, 2017 (both days inclusive). Shares received in order to our Registrar on following address during the office hours dated June 05, 2017 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 of Material Fact u/s 160 (I)(b) of the Companies Ordinance, 1984 relating to special business No.1**

The Board of Directors of the Company in their meeting held on May 15, 2017 approved and authorized the Company be entered into Sponsor Support Agreement with Fatima Energy Limited, an associated undertaking ("FEL") and its lenders including Habib Bank Limited, Bank. Al-falah Limited and other financial institutions ("FEL's Lenders") along with other sponsors. Under the SSA, the Company is required to fulfill its guarantee/commitment/SBLC/undertaking to FEL's Lenders subject to occurrence of default by FEL in repayment of its obligations/liabilities towards FEL's Lenders.

#### **Statement of Material Fact u/s 160 (I)(b) of the Companies Ordinance, 1984 relating to special business No.2**

The Shareholders of the Company in Extra Ordinary General Meeting of the Company held on May 31, 2014 originally approved Investment, up-to Rs. 4,000 Million including 31.25% of its equity, in M/s. Fatima Energy an Associated Company. Now company RWML is going to sign SSA with the lenders of FEL and in case of default in the payment of obligations to the FEL lenders RWML will responsible to pay 31.25% of the default amount to FEL's lenders on behalf of FEL. Keeping in view expected maximum default amount of FEL Lenders Company RWML intends to increase investment of from 4,000 million to Rs. 7523 million, that's why such resolution sought to be passed.

#### **Statement in Compliance of Clause (a) & (b) of regulation 3(1) of (Investment in Associated Companies or Associated Undertakings) Companies Regulations, 2012**

##### **LOANS AND ADVANCE**

<b>Name of Investee Company:</b>	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. 8,000,000,000
Paid up Capital:	Rs. 5,669,894,610

**(i) name of the associated company or associated undertaking along with criteria based on which the associated relationship is established;**

Fatima Energy Limited ("FEL") is Associated Undertaking based on common directorship;

**(ii) amount of loans or advances;**

Subject to occurrence of default by FEL in repayment of its obligations/liabilities towards the FEL's Lenders, RWML will pay to the FEL's Lenders maximum 31.25% of the default amount (in lump sum or in parts) on behalf of FEL and treat all default amount as FEL's loan and said amount 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;**

To facilitate FEL in availing financing facilities from FEL's Lenders for the financing of, inter alia, the design, engineering, procurement, construction, installation, testing, completion and commissioning of the FEL's Project. Main benefit to the Company due to this investment is to charge mark up on this loan. As the Company is also a sponsor of the investee company hence, the Company will be entitled for potential dividends in future once the project is completed and operational.

**(iv) in case any loans or advances has already been granted to the said associated company or associated undertaking, the complete details thereof;**

An amount of Rs. 820 million advances was already given to FEL and FEL has issued 80 million shares to Investing Company RWML. Further Rs. 1,750 million SBLC has been given on behalf of FEL.

**(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;**

Based on latest unaudited financial statements, for half year ended December 31, 2016, Total Assets are Rs. 24.24 Million, Total Liabilities are Rs. 18.6 Million and Loss after tax is Rs. 10.65 Million.

**(vii) 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 + 1.50% approximately rate of interest, mark up, profit, fees or commission etc. to be charged;

**(viii) Rate of interest, mark up, profit, fees or commission etc. to be charged;**

Mark up on loan will be charged at KIBOR + 2.50%\*\* (provided that if the borrowing cost of the Company increases beyond KIBOR + 2.50%\*\* , the mark-up chargeable to FEL shall correspondingly be proportionately increased).

Commission will be charged at the rate of 0.10% per annum to FEL on non-funded facility.

**(ix) sources of funds from where loans or advances will be paid;**

Initially from Retained earnings and cash flow of the Company and if needed finances may be arranged as per management decisions.

**(x) Where the loan or advances is being granted using borrowed funds**

NA

**I justification for granting loan or advance out of borrowed funds;**

N/A

**II. detail of guarantees I assets pledged for obtaining such funds, if any; and**

N/A

**III. repayment schedules of borrowing of the investing company;**

N/A

**IV. particulars of collateral security to be obtained against loans or advances to the borrowing company or undertaking, if any**

Personal Guarantee by the Directors of the Investee Company (FEL).

**(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;**

N/A

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

Repayment will be made with the mutual consent of the management of both companies soon after the date of disbursal. The mark-up which will be charged or accrued at the rate KIBOR + 2.50%\*\* but not less than the borrowing cost of RWML. Markup will be payable on quarterly basis or otherwise accrued.

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

Repayment will be made within mutually agreed period. The mark-up which will be charged or accrued at the rate of KIBOR+2.5%\*\* but not less than the borrowing cost of RWML. Markup will be payable on quarterly basis or otherwise accrued. In case of default by FEL to the Company, the amount will be arranged by the directors of the FEL as a loan to FEL for onward settlement of its liability towards the Company.

**(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 have no special interest except their personal shareholding.

**(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;

Fazal Cloth Mills Ltd ("FCML") along with Reliance Weaving Mills Limited ("RWML"), Fatima Holdings Limited and Fazal Holdings Pvt Ltd, associated companies (collectively the "Sponsors"), intends to set up a 120 MW co-generation power project (the "Project"). For this purpose FEL, a special purpose Company, established to generate and supply of Electricity on fuel of bagasse and imported coal. Project will be operated as Independent Power Producer ("IPP"). Project will play a considerable role in eliminating the energy shortfall in the Country.

II starting date and expected date of completion;  
Construction starting date: February 10, 2014  
Expected completion date: July 31, 2017 (Tentative)

III time by which such project shall become commercially operational;  
Tentative Commercial Operation Date: July 31, 2017 (Tentative)

IV. 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.

V. funds invested or to be invested by the promoters distinguishing between cash and non-cash amounts;  
Total Cash

**EQUITY INVESTMENT**

<b>Name of Investee Company:</b>	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. 8,000,000,000
Paid up Capital:	Rs. 5,669,894,610

**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") - 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 company is using very expensive alternative power generation sources, on the other hand WAPDA already is suffering from huge shortfalls. That is why management of Fatima Group initiated such step to avoid enslavement on WAPDA. 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.

**Maximum amount of equity investment;**

Up-to Rs. 2.2 Billion or 31.25%

(iv) maximum price at which securities will be acquired;

Rs 10 per share

(v) maximum number of securities to be acquired;

220 million shares or 31.25% whichever is lower.

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

80 million shares 14% of equity invested so far and after current enhancement overall %age will never go beyond 31.25% of equity.

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

N/ A as PEL is unlisted company

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

Rs 9.8 approx Rs 10 per share

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

Rs 9.8 approx Rs 10 per share

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

Rs (.09)/share, Rs (6.7)/share for year ended June 30, 2016 & 2015 respectively.

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

Internal cash generations of the company.

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

N/A

(I) justification for investment through borrowings; and

NIA

(II) detail of guarantees and assets pledged for obtaining such funds; N/A

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

Repayment will be made within mutually agreed period. The mark-up which will be charged or accrued at the rate of KIBOR+2.5%\*\* but not less than the borrowing cost of RWML. Markup will be payable on quarterly basis or otherwise accrued. In case of default by FEL to the Company, the amount will be arranged by the directors of the FEL as a loan to FEL for onward settlement of its liability towards the Company.

(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; ·

Directors have no special interest except their shareholding.

(xv) any other important details necessary for the members to understand the transaction; and .

N/A ,.

(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; Fazal Cloth Mills Ltd ("FCML") along with Reliance Weaving Mills Limited ("RWML"), Fatima Holdings Limited and Fazal Holdings Pvt Ltd, associated companies (collectively the "Sponsors"), intends to set up a 120 MW co-generation power project (the "Project"). For this purpose PEL, a special purpose company, established to generate and supply of Electricity on fuel of bagasse and imported coal. Project will be operated as Independent Power Producer ("IPP"). Project will play a considerable role in eliminating the energy shortfall in the Country.

II. starting date and expected date of completion;

Construction starting date: February 10, 2014  
 Expected completion date: July 31, 2017 (Tentative)

III. time by which such project shall become commercially operational;

Tentative Commercial Operation Date: July 31, 2017 (Tentative)

IV. expected time by which the project shall start paying return on investment; July 31,2017 (Tentative) 16% in case of coal generation and 18% in case of generation on bagasse.

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

Total Cash

Status of the decision regarding resolution U/s 208 of the companies Ordinance, 1984 already passed

Detail	Fatima Transmission Company	Fatima Energy Ltd
Total investment approved	300(M)	4000(M)
Amount of investment made to date	86 (M)	800 (M) in equity, 20(M) advance and Rs. 1750(M) SBLC provided
Reasons for not having made complete investment so far	Equity portion of Investment has been made and in compliance with SSA further amount can be given to Financial Institutions in case of default by FTCL	Partial Investment has been made and further investment will be made on the demand of the Company
Material change in financial statements of associated company	As per Annual Accounts of <b>30.06.15</b> Break-up value of shares is Rs.1.22 and EPS is (8.78), <b>30.06.16</b> Break-up value of shares is Rs.146.74 and EPS is (147.96) and <b>31.12.16</b> Break-up value of shares is Rs.9.76 and EPS is (.005)	As per Audited Accounts <b>30.06.15</b> Total Assets & Liabilities are Rs.0.335 (M) & Rs. 0.383 (M), <b>30.06.16</b> Total Assets & Liabilities are Rs.87.6 (M) & Rs.16.7 (M), and un audited accounts <b>31.12.16</b> Accounts EPS (0.019) and Break-up value of shares are 9.80

\*\*(provided that if the borrowing cost of the Company increases beyond KIBOR + 2.50%, the mark-up chargeable to FEL shall correspondingly be proportionately increased).