



## Thal Limited

Registered Office : 4th Floor, House of Habib  
3-Jinnah C. H. Society, Block-7/8, Sharea Faisal, Karachi-75350  
Tel : (92-21) 3431-2030 Fax : (92-21) 3439-0868  
E-mail : tl@hoh.net Website : www.thallimited.com

TL/2018/1164

February 26, 2018

The General Manager  
Pakistan Stock Exchange Limited  
Stock Exchange Building  
Stock Exchange Road,  
Karachi – 74000

Subject: **NOTICE OF EXTRAORDINARY GENERAL MEETING**

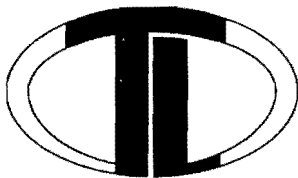
Dear Sir,

Enclosed please find a copy of Notice of Extraordinary General Meeting to be held on March 22, 2018, at 9; 30am at Institute of Chartered Accountants of Pakistan, Auditorium, Clifton, Karachi for circulation amongst the TRE Members.

Yours faithfully,  
For **Thal Limited**

  
  
**UMAIR RIAZ SIDDIQI**  
COMPANY SECRETARY

Celebrating our  
**50<sup>th</sup>**  
year



# Thal Limited

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E-mail : tl@hoh.net Website : www.thallimited.com

## THAL LIMITED

### *Notice of Extraordinary General Meeting*

Notice is hereby given that an Extraordinary General Meeting of THAL LIMITED ("Company") will be held on Thursday, March 22, 2018 at 9:30 a.m. at Auditorium of Institute of Chartered Accountants of Pakistan (ICAP), G-13, Block-8, Chartered Accountant Avenue, Near Three Swords, Clifton, Karachi to transact the following business:

#### **SPECIAL BUSINESS**

##### Background

ThalNova Power Thar (Pvt.) Limited ("ThalNova") a joint venture company established by Thal Limited (the "Company") and Novatex Limited ("Novatex") (each a "Sponsor") through their wholly owned subsidiaries Thal Power Private Limited ("Thal Power") and Nova Powergen Limited is in the process of designing, constructing, financing and developing a 330 MW coal fired power project (the "Project"). As a condition precedent to the financing of the Project, the lenders of ThalNova require certain support from inter alia the Company and Novatex, which support will be provided pursuant to a sponsor support agreement between inter alia the lenders of ThalNova, ThalNova and the Company. In connection with such support and if considered appropriate, to pass with or without modification the following resolutions as special resolutions:

#### **SPONSOR SUPPORT TO LENDERS OF THALNOVA**

RESOLVED that the approval of the members of the Company be and is hereby accorded in terms of Section 199 of the Companies Act, 2017 for the Company to invest an amount not exceeding the PKR equivalent of US Dollar 58.7 Million in ThalNova directly or through Thal Power (being a wholly owned subsidiary of the Company) (the "Equity Obligation") and to arrange a Standby Letter of Credit in an amount not exceeding US Dollar 41.1 Million in favour of the lenders of ThalNova and/or ThalNova, securing the Equity Obligation, as required by the sponsor support agreement to be executed between inter alia the Company and the lenders' of ThalNova (the "Sponsor Support Agreement"), and to create security on the assets of the Company as may be required by the relevant lenders that will issue the requisite Standby Letter of Credit.

RESOLVED that approval of the members of the Company be and is hereby accorded in terms of Section 199 of the Companies Act, 2017 for the Company to extend a loan in an amount not exceeding the PKR equivalent of US Dollar 23.2 Million to ThalNova or to invest such amount in ThalNova directly or through Thal Power, for the purposes of satisfying any funding shortfall/cost overrun to achieve the Project Completion Date (to be defined in the Sponsor Support Agreement), including but not limited to making payments of any amounts whatsoever to the lenders of ThalNova (the "Cost Overrun Obligation") and if required by the lenders of ThalNova, to arrange a Standby Letter of Credit in an amount not exceeding US Dollar 23.2 Million in favour of the lenders of ThalNova and/or ThalNova, securing the Cost Overrun Obligation, and to create security on the assets of the Company as may be required by the relevant lenders that will issue the requisite Standby Letter of Credit.

RESOLVED THAT the approval of the members of the Company be and is hereby accorded in terms of Section 199 of the Companies Act, 2017 to procure one or multiple letters of credit in favour of the

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Celebrating our  
year

lenders of ThalNova in an amount not exceeding PKR equivalent of US Dollar 12.4 Million for the purposes of providing debt service reserve support as required by the lenders of ThalNova pursuant to the Sponsor Support Agreement, and to create security on the assets of the Company as may be required by the relevant lenders that will issue the requisite letter(s) of credit.

RESOLVED THAT the approval of the members of the Company be and is hereby accorded in terms of Section 199 of the Companies Act, 2017 to contribute towards any payments required to be made to the foreign currency lenders of ThalNova, where the commercial risk guarantee to be issued by financial institutions (the "Commercial Risk Guarantee Issuing Banks") as may be approved by the Board in favour of such foreign currency lenders on behalf of ThalNova (the Commercial Risk Guarantee) is called by such foreign currency lenders (the "Commercial Risk Guarantee Payment Obligations"), which contributions shall not exceed the PKR equivalent of US Dollar 12.4 Million, and to create security on the assets of the Company in favour of the Commercial Risk Guarantee Issuing Banks to secure the Commercial Risk Guarantee Payment Obligations.

RESOLVED that the approval of the members of the Company be and is hereby accorded in terms of Section 199 of the Companies Act, 2017 to assign the Company's rights in respect of any investment made in ThalNova by way of loan (which loan is to be treated as subordinated to the debt of the lenders of ThalNova), in favour of the lenders of ThalNova.

RESOLVED that the approval of the members of the Company be and is hereby accorded in terms of Section 199 of the Companies Act, 2017, to make such other investments in ThalNova directly or through Thal Power of the nature, for the period, of the amount and on the terms and conditions specified in the Sponsors Support Agreement and any other related agreement or instrument as per the Term Sheets approved by the Board and jointly signed by the CEO and a director of the Company.

By Order of the Board

  
UMAIR RIAZ SIDDIQI  
Company Secretary



Karachi dated this February 26, 2018

A Statement under Section 134(3) of the Companies Act 2017 is being sent to the shareholders with the notice of meeting.

**NOTES:**

- (i) The Share Transfer Books of the Company will remain closed from March 16, 2018 to March 22, 2018 (both days inclusive). Members (Non-CDC) are requested to promptly notify the Company's Shares Registrar, M/S. FAMCO Associates (Private) Ltd., 8-F, Next to Hotel Faran, Nursery, Block-6, PECHS, Sharea Faisal Karachi. Tel:009-21-34380101-5,0092-21-34384621-3 (Ext-103) Fax: 0092-21-34380106. of any change in their addresses. All the Members holding the shares through the CDC are requested to please update their addresses with their Participants.
- (ii) A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote for him / her. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the time of holding the meeting. A proxy must be a member of the Company.
- (iii) Members can also avail video conference facility at Lahore and Islamabad. In this regard, please fill the following form and submit to registered address of the Company 10 days before holding of the Extra Ordinary General Meeting.

If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to date of meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city.

The Company will intimate members regarding venue of video conference facility at least 5 days before the date of the Extra Ordinary General Meeting along with complete information necessary to enable them to access the facility.

I/We, \_\_\_\_\_ of \_\_\_\_\_ being a member of Thal Limited, holder of \_\_\_\_\_ Ordinary Shares as per Register Folio No. \_\_\_\_\_ hereby opt for video conference facility at \_\_\_\_\_

Signature of Members

- (iv) **CDC Accounts Holders** will further have to follow the guidelines as laid down in Circular 1 dated the January 26, 2000 issued by the Securities & Exchange Commission of Pakistan.

**A. For Attending the Meeting**

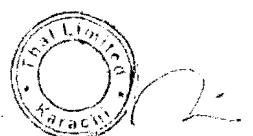
- (a) In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration detail is uploaded as per the Regulations, shall authenticate their identity by showing his/ her original National Identity Card ("CNIC") or original passport at the time of attending the meeting.



- (b) In case of corporate entity, Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless provided earlier) at the time of the meeting.

**B. For Appointing Proxies**

- (a) In case of individuals, the account holder or sub-account holder is and / or the person whose securities are in group account and their registration detail is uploaded as per the CDC Regulations, shall submit the proxy form as per the above requirement.
- (b) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- (c) Attested copies of the valid CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- (d) The proxy shall produce his/her valid original CNIC or original passport at the time of the meeting.
- (e) In case of corporate entities, board of directors' resolution/power of attorney with specimen signature of the nominee shall be submitted (unless provided earlier) along with the proxy form to Company.



## **STATEMENT PURSUANT TO SECTION 134 OF THE COMPANIES ACT, 2017**

**Pursuant to Section 134 of the Companies Act, 2017 (the "Act"), this Statement sets forth the material facts concerning the special business listed hereinabove, to be transacted at the Extraordinary General Meeting of Thal Limited to be held on March 22, 2018 at 9.30 am at the Institute of Chartered Accountants of Pakistan Auditorium, Clifton, Karachi.**

### **INTRODUCTION**

### **SPECIAL BUSINESS**

#### **Investment in ThalNova Power Thar (Private) Limited**

Thal Limited ("Thal" or the "Company") and Novatex Limited ("Novatex") (each a "Sponsor") entered into a Joint Venture Agreement on 7<sup>th</sup> April 2016 to develop 330 MW lignite fired mine mouth power plant at Thar (the "Project") through their respective subsidiaries – Thal Power (Private) Limited ("Thal Power") and Nova Powergen Limited. Thal Power (Private) Limited and Nova Powergen Limited entered into a Shareholders Agreement on 15<sup>th</sup> April 2016 to develop 330 MW lignite fired power plant at Thar. The Project Company – ThalNova Power Thar (Private) Limited ("TN" or the "Project Company") was incorporated in 2016, with Thal Power (Private) Limited and Nova Powergen Limited as its shareholders. Descon Engineering Limited was allotted 10 shares in the Project Company in 2016.

The Project Company was awarded the Letter of Intent (LOI) for a 330 MW lignite fired power plant from the Private Power Infrastructure Board (PPIB) in August 2016. The Project Company was awarded the Upfront Tariff for Thar Coal based projects as announced by the National Electric Power Regulatory Authority ("NEPRA") in its determination of upfront tariff dated October 18, 2016 for Thar based coal power projects (330 MW) of US Cents 8.5015 USc/kwh (100% foreign financing) and 9.5643 USc/kwh (100% local financing). Subsequently the Project Company was awarded the Letter of Support (LOS) by PPIB in December 2016 which was later amended in August 2017. TN also entered into Implementations Agreement with PPIB in November 2017 and the Power Purchase Agreement with Central Power Purchase Authority (Guarantee) Limited in July 2017.

The total cost of the Project is estimated to be US\$ 527.1 million, which will be funded in a debt to equity ratio of 75:25. Accordingly, the total equity requirement of the Project amounts to approximately US\$ 132 million and approximately Debt of US\$ 395.1 million.

The Project Company has signed term sheets for arrangement of local currency loans with HBL on 23<sup>rd</sup> April 2017 and signed the term sheet for arrangement of foreign currency loans with China Development Bank on 3<sup>rd</sup> November 2017. As a condition precedent to availing the facilities thereunder, the Sponsors are obligated to offer certain support for the benefit of the Project Company pursuant to a sponsor support agreement (the "Sponsor Support Agreement"), which support includes:

(a) investment by Thal (either directly in the Project Company or through Thal Power (Private) Limited) PKR equivalent of USD 58.7 million (including subscription of Pak Rupee 587.5 million already invested by the Company through its wholly owned subsidiary) at or soon after Financial Close or at such later time or times as required by the financing documents to be entered in to between TN and the project lenders.

(b) In the event of any cost overrun in the development of the Project after financial close with the lenders of ThalNova, the Sponsors pursuant to the term sheet and a subsequent Sponsor Support Agreement to be entered into agree to provide funding for purposes of cost overrun to TN as requested by TN or the lenders of ThalNova if at any time prior to Project Completion Date (to be defined in the Sponsor Support Agreement) there is funding shortfall. Each Sponsor is obligated to pay the cost overrun amount in cash, by way of subscription of TN shares or at the option of Sponsors collectively, by way of subordinated debt to TN. Thal Limited's share of cost overrun support is estimated to not exceed PKR equivalent of USD 23.2 million (in equivalent Pak Rupees) to be converted at the date of subscription.



(c) As for Debt Service Reserve Account ("DSRA"), if there is an Initial DSRA Shortfall (to be defined in the Sponsor Support Agreement), each Sponsor shall procure and issue a DSRA Letter of Credit (LC) in proportion to its shareholding of ordinary shares in TN. The DSRA shortfall is the amount of one repayment installment less the amount available in the DSRA, and can therefore, be up to the amount of one repayment installment of the finance obtained by TN. That amount can also vary depending on the then prevailing LIBOR/KIBOR rate so the estimation is that Thal's share will not exceed PKR equivalent of \$ 12.4 million. Upon a demand being made for payment under the DSRA LC and receiving such payment, the said amount may be treated as equity or at the option of the Sponsors collectively, subordinated debt advanced in favor of TN in an amount equal to such portion of DSRA LC that is called upon.

In addition to the support mentioned above, to mitigate commercial default by the Project Company, the Project Company shall procure a Commercial Risk Letter of Credit (LC) in favour of foreign currency lenders pursuant to a commercial risk guarantee agreement (or similar agreement) between inter alia, the Company, the Project Company and the lenders of the Project Company (the "Commercial Risk Guarantee Agreement"), for which each Sponsor shall provide collateral security of value in proportion of their shareholding of ordinary shares in TN. In the event of commercial default by the Project Company, the Commercial Risk LC may be called by the foreign currency lenders. The Company's share of payment towards the foreign currency lenders in this case will not exceed PKR equivalent of \$ 12.4 million, though it may vary depending on the then prevailing LIBOR/KIBOR rate.

The expected starting date of construction the Project is July 2018. The Power Project is anticipated to reach completion and achieve commercial operations by the second quarter of 2021. The expected return is 20% in IRR terms. The Project is expected to generate returns one year after successful commencement of commercial operations.



**Information pursuant to Section 3 - Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 (the "Regulations")**

**Equity Investment**

| Information Required   | Information Provided  |              |                             |              |                |                   |                |                     |               |
|--|---|--------------|-----------------------------|--------------|----------------|-------------------|----------------|---------------------|---------------|
| Name of associated company or associated undertaking   | ThalNova Power Thar (Private) Limited ("TN")  |              |                             |              |                |                   |                |                     |               |
| Basis of relationship with associated undertaking  | Thal Power (Private) Limited, a wholly owned subsidiary of the Company own 49.9% shares in ThalNova Power Thar (Private) Limited.<br>Mr. Ali Suleman Habib, Director of the Company, Mr. Muhammad Salman Burney, Director of the Company and Mr. Mazhar Valjee, CEO of the Company are also directors on the board of TN. |              |                             |              |                |                   |                |                     |               |
| Earnings per share for the last three years of the associated undertaking  | <table> <tr> <th>Year</th><th>Earnings / (Loss) per share</th></tr> <tr> <td>2017</td><td>Rs. (0.80)</td></tr> <tr> <td>2016</td><td>Rs. (0.16)</td></tr> </table>  | Year         | Earnings / (Loss) per share | 2017         | Rs. (0.80)     | 2016              | Rs. (0.16)     |                     |               |
| Year   | Earnings / (Loss) per share   |              |                             |              |                |                   |                |                     |               |
| 2017   | Rs. (0.80)  |              |                             |              |                |                   |                |                     |               |
| 2016   | Rs. (0.16)  |              |                             |              |                |                   |                |                     |               |
| Break-up value per share, based on latest audited financial statements of the associated undertaking   | Rs. 9.62  |              |                             |              |                |                   |                |                     |               |
| Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements  | <p>As At June 30, 2017:</p> <table> <tr> <td>Total Assets</td><td>Rs 702,369,311</td></tr> <tr> <td>Total Equity</td><td>Rs 601,089,914</td></tr> <tr> <td>Total Liabilities</td><td>Rs 101,279,397</td></tr> <tr> <td>Loss after Taxation</td><td>Rs 23,328,355</td></tr> </table>                                       | Total Assets | Rs 702,369,311              | Total Equity | Rs 601,089,914 | Total Liabilities | Rs 101,279,397 | Loss after Taxation | Rs 23,328,355 |
| Total Assets   | Rs 702,369,311  |              |                             |              |                |                   |                |                     |               |
| Total Equity   | Rs 601,089,914  |              |                             |              |                |                   |                |                     |               |
| Total Liabilities  | Rs 101,279,397  |              |                             |              |                |                   |                |                     |               |
| Loss after Taxation  | Rs 23,328,355   |              |                             |              |                |                   |                |                     |               |
| <p>In the case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information namely:</p> <ol style="list-style-type: none"> <li>Description of the project and its history since conceptualization;</li> <li>Starting date and expected date of completion of work;</li> <li>Time by which such project shall become commercially operational;</li> <li>Expected time by which the project shall start paying return on investment; and</li> <li>Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-</li> </ol> | Please see introduction above.  |              |                             |              |                |                   |                |                     |               |





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| cash amounts.   |  |
| Maximum amount of investment to be made   | PKR equivalent of US\$ 58.7 million.   |
| Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment   | TN has been incorporated to construct, own, and operate 330 MW coal based facility ('Project'). As a condition precedent to making finance facilities available to TN for the purposes of the Project, the Company is required to provide to the lenders certain forms of security and sponsor support, including equity support (as discussed in the introduction) Investment in TN is anticipated to generate a return of 20% in IRR terms.  |
| Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds: <ul style="list-style-type: none"> <li>i. Justification for investment through borrowings;</li> <li>ii. Detail of collateral, guarantees provided and assets pledged for obtaining such funds; and</li> <li>iii. Cost benefit analysis.</li> </ul> | Self-generated funds and borrowings in respect of any funding shortfall (if required): <ul style="list-style-type: none"> <li>i. Investment via borrowing shall enhance the return of investor due to lower cost of debt versus cost of equity. Borrowing shall also be used where there is funding shortfall from self-generated cash</li> <li>ii. Mortgage over land and building and hypothecation over plant and machinery of the Company.</li> <li>iii. Investment in TN is anticipated to generate a return of 20% in IRR terms</li> </ul> |
| Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment.  | The investment is proposed to be made pursuant to a sponsor support agreement, to be executed between <i>inter alia</i> TN, the Company and the lenders of TN. Please see introduction above for salient features of agreement.  |
| 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   | Thal Power (Private) Limited, a wholly owned subsidiary of the Company own 49.9% shares in ThalNova Power Thar (Private) Limited<br>Mr. Ali Suleman Habib, Mr. Muhammad Salman Burney and Mr. Mazhar Valjee are nominee directors of Thal Power (Private) Limited in ThalNova Power Thar (Private) Limited and each of them hold 1 qualifying share.<br>Interest of the shareholders is restricted to the extent of their shareholding   |



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| In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs. | Thal Limited has not injected any equity in nor extended any loan to TN.  |
| Any other important details necessary for members to understand the transaction  | NIL   |
| Maximum price at which securities will be acquired   | Rs. 10 per share  |
| In case the purchase price is higher than market value in case of listed securities and fair value in case of unlisted securities, justification thereof   | Rs. 10 per share being latest offer price.  |
| Maximum number of securities to be acquired  | Number of securities would be determined by converting the value of cost overrun support requested into PKR on the date of subscription and dividing the same by Rs. 10.  |
| Number of securities and percentage thereof held before and after the proposed investment  | <p>The Company has undertaken to invest PKR equivalent of USD 58.7 million directly or through its wholly owned subsidiary Thal Power (Private) Limited. The number of securities would be determined based on the conversion on the date of subscription.</p> <p>The Company's wholly owned subsidiary's percentage ownership of TN's ordinary shares is to be approximately 44.5%</p> |
| Current and preceding twelve weeks weighted average market price where investment is proposed to be made in listed securities  | N/A   |
| And fair value determined in terms of sub-regulation (1) of regulation 5 for investments in unlisted securities.   | Rs. 10 per share being latest offer price.  |



**Cost overrun support – in the form of equity**

| Information Required  | Information Provided  |      |                             |      |            |      |            |
|---|---|------|-----------------------------|------|------------|------|------------|
| Name of associated company or associated undertaking  | ThalNova Power Thar (Private) Limited ("TN")  |      |                             |      |            |      |            |
| Basis of relationship with associated undertaking   | Thal Power (Private) Limited, a wholly owned subsidiary of the Company own 49.9% shares in ThalNova Power Thar (Private) Limited.<br>Mr. Ali Suleman Habib, Director of the Company, Mr. Muhammad Salman Burney, Director of the Company and Mr. Mazhar Valjee, CEO of the Company are also directors on the board of TN. |      |                             |      |            |      |            |
| Earnings per share for the last three years of the associated undertaking   | <table> <tr> <th>Year</th><th>Earnings / (Loss) per share</th></tr> <tr> <td>2017</td><td>Rs. (0.80)</td></tr> <tr> <td>2016</td><td>Rs. (0.16)</td></tr> </table>  | Year | Earnings / (Loss) per share | 2017 | Rs. (0.80) | 2016 | Rs. (0.16) |
| Year  | Earnings / (Loss) per share   |      |                             |      |            |      |            |
| 2017  | Rs. (0.80)  |      |                             |      |            |      |            |
| 2016  | Rs. (0.16)  |      |                             |      |            |      |            |
| Break-up value per share, based on latest audited financial statements of the associated undertaking  | Rs. 9.62  |      |                             |      |            |      |            |
| Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements   | As At June 30, 2017:<br>Total Assets Rs 702,369,311<br>Total Equity Rs 601,089,914<br>Total Liabilities Rs 101,279,397<br>Loss after Taxation Rs 23,328,355   |      |                             |      |            |      |            |
| In the case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information namely:<br>vi. Description of the project and its history since conceptualization;<br>vii. Starting date and expected date of completion of work;<br>viii. Time by which such project shall become commercially operational;<br>ix. Expected time by which the project shall start paying return on investment; and<br>x. Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts. | Please see introduction above.  |      |                             |      |            |      |            |
| Maximum amount of investment to be made   | PKR equivalent of US\$ 23.2 million.  |      |                             |      |            |      |            |
| Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment   | TN has been incorporated to construct, own, and operate 330 MW coal based facility ('Project'). As a condition precedent to making finance facilities available to TN for the purposes of the   |      |                             |      |            |      |            |



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|   | Project, the Company is required to provide to the lenders certain forms of security and sponsor support, including cost-overflow support (as discussed in the introduction) Investment in TN is anticipated to generate a return of 20% in IRR terms.   |
| Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds:<br>iv. Justification for investment through borrowings;<br>v. Detail of collateral, guarantees provided and assets pledged for obtaining such funds; and<br>vi. Cost benefit analysis. | Self-generated funds and borrowings (if required):<br>i. Investment via borrowing shall enhance the return of investor due to lower cost of debt versus cost of equity. Borrowing shall also be used where there is funding shortfall from self-generated cash.<br>ii. Mortgage over land and building and hypothecation over plant and machinery of the Company.<br>iii. Investment in TN is anticipated to generate a return of 20% in IRR terms |
| Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment.  | The investment is proposed to be made pursuant to a sponsor support agreement, to be executed between <i>inter alia</i> TN, the Company and the lenders of TN. Please see introduction above for salient features of agreement.  |
| 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   | Thal Power (Private) Limited, a wholly owned subsidiary of the Company own 49.9% shares in ThalNova Power Thar (Private) Limited<br>Mr. Ali Suleman Habib, Mr. Muhammad Salman Burney and Mr. Mazhar Valjee are nominee directors of Thal Power (Private) Limited in ThalNova Power Thar (Private) Limited and each of them hold 1 qualifying share.<br>Interest of the shareholders is restricted to the extent of their shareholding             |
| In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs.  | Thal Limited has not injected any equity in nor extended any loan to TN  |
| Any other important details necessary for members to understand the transaction   | NIL  |

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| Maximum price at which securities will be acquired   | Rs. 10 per share   |
| In case the purchase price is higher than market value in case of listed securities and fair value in case of unlisted securities, justification thereof | Rs. 10 per share being latest offer price.   |
| Maximum number of securities to be acquired  | Number of securities would be determined by converting the value of cost overrun support requested into PKR on the date of subscription and dividing the same by Rs. 10.   |
| Number of securities and percentage thereof held before and after the proposed investment  | In terms of cost overrun, the number of securities will depend on the cost overrun support required by TN if it is decided that the investment shall be made by way subscription in shares and will be subject to conversion as stated above.<br>The Company's wholly owned subsidiary's percentage ownership of TN's ordinary shares is to be approximately 44.5% |
| Current and preceding twelve weeks weighted average market price where investment is proposed to be made in listed securities                            | N/A  |
| And fair value determined in terms of sub-regulation (1) of regulation 5 for investments in unlisted securities.   | Rs. 10 per share being latest offer price.   |

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**Cost overrun support – in the form of subordinated debt**

| Information Required  | Information Provided  |              |                             |              |                |                   |                |                     |               |
|---|---|--------------|-----------------------------|--------------|----------------|-------------------|----------------|---------------------|---------------|
| Name of associated company or associated undertaking  | ThalNova Power Thar (Private) Limited ("TN")  |              |                             |              |                |                   |                |                     |               |
| Basis of relationship with associated undertaking   | Thal Power (Private) Limited, a wholly owned subsidiary of the Company own 49.9% shares in ThalNova Power Thar (Private) Limited<br>Mr. Ali Suleman Habib, Director of the Company, Mr. Muhammad Salman Burney, Director of the Company and Mr. Mazhar Valjee, CEO of the Company are also directors on the board of TN |              |                             |              |                |                   |                |                     |               |
| Earnings per share for the last three years of associated undertaking   | <table> <tr> <th>Year</th><th>Earnings / (Loss) per share</th></tr> <tr> <td>2017</td><td>Rs. (0.80)</td></tr> <tr> <td>2016</td><td>Rs. (0.16)</td></tr> </table>  | Year         | Earnings / (Loss) per share | 2017         | Rs. (0.80)     | 2016              | Rs. (0.16)     |                     |               |
| Year  | Earnings / (Loss) per share   |              |                             |              |                |                   |                |                     |               |
| 2017  | Rs. (0.80)  |              |                             |              |                |                   |                |                     |               |
| 2016  | Rs. (0.16)  |              |                             |              |                |                   |                |                     |               |
| Break-up value per share, based on latest audited financial statements of the associated undertaking  | Rs. 9.62  |              |                             |              |                |                   |                |                     |               |
| Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements   | <p>As At June 30, 2017:</p> <table> <tr> <td>Total Assets</td><td>Rs 702,369,311</td></tr> <tr> <td>Total Equity</td><td>Rs 601,089,914</td></tr> <tr> <td>Total Liabilities</td><td>Rs 101,279,397</td></tr> <tr> <td>Loss after Taxation</td><td>Rs 23,328,355</td></tr> </table>                                     | Total Assets | Rs 702,369,311              | Total Equity | Rs 601,089,914 | Total Liabilities | Rs 101,279,397 | Loss after Taxation | Rs 23,328,355 |
| Total Assets  | Rs 702,369,311  |              |                             |              |                |                   |                |                     |               |
| Total Equity  | Rs 601,089,914  |              |                             |              |                |                   |                |                     |               |
| Total Liabilities   | Rs 101,279,397  |              |                             |              |                |                   |                |                     |               |
| Loss after Taxation   | Rs 23,328,355   |              |                             |              |                |                   |                |                     |               |
| <p>In the case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information namely:</p> <ol style="list-style-type: none"> <li>Description of the project and its history since conceptualization;</li> <li>Starting date and expected date of completion of work;</li> <li>Time by which such project shall become commercially operational;</li> <li>Expected time by which the project shall start paying return on investment; and</li> <li>Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts.</li> </ol> | Please see introduction above.  |              |                             |              |                |                   |                |                     |               |
| Maximum amount of investment to be made   | PKR equivalent of US\$ 23.2 million.  |              |                             |              |                |                   |                |                     |               |
| Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment   | TN has been incorporated to construct, own, and operate 330 MW coal based facility ('Project'). As a condition precedent to making finance facilities available to TN for the purposes of the Project, the Company is   |              |                             |              |                |                   |                |                     |               |



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|  | <p>required to provide to the lenders certain forms of security and sponsor support, including cost-overflow support (as discussed in the introduction).</p> <p>Investment in TN is anticipated to generate a return of 20% in IRR terms</p>   |
| <p>Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds:</p> <p>(i) Justification for investment through borrowings;</p> <p>(ii) Detail of collateral, guarantees provided and assets pledged for obtaining such funds; and</p> <p>(iii) Cost benefit analysis.</p> | <p>Self-generated funds and borrowings in respect of any funding shortfall</p> <p>(i) Investment via borrowing shall enhance the return of investor due to lower cost of debt versus cost of equity. Borrowing shall also be used where there is funding shortfall from self-generated cash.</p> <p>(ii) Mortgage over land and building and hypothecation over plant and machinery of the Company</p> <p>(iii) Investment in TN is anticipated to generate a return of 20% in IRR terms</p> |
| Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment  | The investment is proposed to be made pursuant to a sponsor support agreement, to be executed between <i>inter alia</i> TN, the Company and the lenders of TN. Please see introduction above for salient features of agreement.  |
| 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  | <p>Thal Power (Private) Limited, a wholly owned subsidiary of the Company own 49.9% shares in ThalNova Power Thar (Private) Limited</p> <p>Mr. Ali Suleman Habib, Mr. Muhammad Salman Burney and Mr. Mazhar Valjee are nominee directors of Thal Power (Private) Limited in ThalNova Power Thar (Private) Limited and each of them hold 1 qualifying share.</p> <p>Interest of the shareholders is restricted to the extent of their shareholding</p>  |
| In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs  | Thal Limited has not injected any equity in nor extended any loan to TN  |
| Any other important details necessary for members to understand the transaction  | NIL  |
| Category-wise amount of investment   | PKR equivalent of US\$ 23.2 million to be extended as a loan.  |
| Average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah compliant products and rate of  | 3 month KIBOR plus 0.75%   |

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| return for unfunded facilities, as the case maybe, for the relevant period.   |  |
| Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company   | Higher than the mark-up payable by the Company on its borrowing of like or similar maturities at the time of disbursement.   |
| Particulars of collateral or security to be obtained in relation to the proposed investment   | None. The loan will be treated as debt subordinated to that of the lenders of TN.  |
| If the investment carried conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable | NIL  |
| Repayment schedule and terms conditions of loans or advances to be given to the associated company or associated undertaking.   | To be finalized with lenders of TN at the time when (and if) a loan is required to be extended. However it is expected that the term will be at least as long as the loans/finances to be provided by the lenders which is 14 years from the date of effectiveness of their loan agreements. Repayment of both the principal and markup payable by TN will be subordinated to the principle/interest/mark-up and other payments due to the lenders of TN under the terms of their financing documents. |

15/12/21





**DSRA LC – if demand for payment under DSRA LC is deemed subordinated debt**

| Information Required  | Information Provided  |              |                             |              |                |                   |                |                     |               |
|---|---|--------------|-----------------------------|--------------|----------------|-------------------|----------------|---------------------|---------------|
| Name of associated company or associated undertaking  | ThalNova Power Thar (Private) Limited ("TN")  |              |                             |              |                |                   |                |                     |               |
| Basis of relationship with associated undertaking   | Thal Power (Private) Limited, a wholly owned subsidiary of the Company own 49.9% shares in ThalNova Power Thar (Private) Limited<br>Mr. Ali Suleman Habib, Director of the Company, Mr. Muhammad Salman Burney, Director of the Company and Mr. Mazhar Valjee, CEO of the Company are also directors on the board of TN |              |                             |              |                |                   |                |                     |               |
| Earnings per share for the last three years of associated undertaking   | <table> <tr> <th>Year</th><th>Earnings / (Loss) per share</th></tr> <tr> <td>2017</td><td>Rs. (0.80)</td></tr> <tr> <td>2016</td><td>Rs. (0.16)</td></tr> </table>  | Year         | Earnings / (Loss) per share | 2017         | Rs. (0.80)     | 2016              | Rs. (0.16)     |                     |               |
| Year  | Earnings / (Loss) per share   |              |                             |              |                |                   |                |                     |               |
| 2017  | Rs. (0.80)  |              |                             |              |                |                   |                |                     |               |
| 2016  | Rs. (0.16)  |              |                             |              |                |                   |                |                     |               |
| Break-up value per share, based on latest audited financial statements of the associated undertaking  | Rs. 9.62  |              |                             |              |                |                   |                |                     |               |
| Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements   | <p>As At June 30, 2017:</p> <table> <tr> <td>Total Assets</td><td>Rs 702,369,311</td></tr> <tr> <td>Total Equity</td><td>Rs 601,089,914</td></tr> <tr> <td>Total Liabilities</td><td>Rs 101,279,397</td></tr> <tr> <td>Loss after Taxation</td><td>Rs 23,328,355</td></tr> </table>                                     | Total Assets | Rs 702,369,311              | Total Equity | Rs 601,089,914 | Total Liabilities | Rs 101,279,397 | Loss after Taxation | Rs 23,328,355 |
| Total Assets  | Rs 702,369,311  |              |                             |              |                |                   |                |                     |               |
| Total Equity  | Rs 601,089,914  |              |                             |              |                |                   |                |                     |               |
| Total Liabilities   | Rs 101,279,397  |              |                             |              |                |                   |                |                     |               |
| Loss after Taxation   | Rs 23,328,355   |              |                             |              |                |                   |                |                     |               |
| <p>In the case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information namely:</p> <ol style="list-style-type: none"> <li>Description of the project and its history since conceptualization;</li> <li>Starting date and expected date of completion of work;</li> <li>Time by which such project shall become commercially operational;</li> <li>Expected time by which the project shall start paying return on investment; and</li> <li>Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts.</li> </ol> | Please see introduction above.  |              |                             |              |                |                   |                |                     |               |
| Maximum amount of investment to be made   | PKR equivalent of US\$ 12.4 million.  |              |                             |              |                |                   |                |                     |               |
| Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment   | TN has been incorporated to construct, own, and operate 330 MW coal based facility ('Project'). As a condition precedent to making finance facilities available to TN for the purposes of the Project, the Company is   |              |                             |              |                |                   |                |                     |               |



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|   | required to provide to the lenders certain forms of security and sponsor support, including debt service reserve support (as discussed in the introduction). Investment in TN is anticipated to generate a return of 20% in IRR terms  |
| Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds:<br>(i) Justification for investment through borrowings;<br>(ii) Detail of collateral, guarantees provided and assets pledged for obtaining such funds; and<br>(iii) Cost benefit analysis. | Self-generated funds and borrowings (if required):<br>(i) Investment via borrowing shall enhance the return of investor due to lower cost of debt versus cost of equity. Borrowing shall also be used where there is funding shortfall from self-generated cash.<br>(ii) Mortgage over land and building and hypothecation over plant and machinery of the Company<br>(iii) Investment in TN is anticipated to generate a return of 20% in IRR terms |
| Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment   | The investment is proposed to be made pursuant to a sponsor support agreement, to be executed between <i>inter alia</i> TN, the Company and the lenders of TN. Please see introduction above   |
| 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   | Thal Power (Private) Limited, a wholly owned subsidiary of the Company own 49.9% shares in ThalNova Power Thar (Private) Limited<br>Mr. Ali Suleman Habib, Mr. Muhammad Salman Burney and Mr. Mazhar Valjee are nominee directors of Thal Power (Private) Limited in ThalNova Power Thar (Private) Limited and each of them hold 1 qualifying share.<br>Interest of the shareholders is restricted to the extent of their shareholding               |
| In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs   | Thal Limited has not injected any equity in nor extended any loan to TN  |
| Any other important details necessary for members to understand the transaction   | NIL  |
| Category-wise amount of investment  | The full amount will be extended by way of a loan to TN.   |
| Average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah compliant products and rate of   | 3 month KIBOR plus 0.75%   |

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| return for unfunded facilities, as the case maybe, for the relevant period.   |  |
| Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company   | Higher than the markup payable by the Company on its borrowing of like or similar maturities at the time of disbursement.  |
| Particulars of collateral or security to be obtained in relation to the proposed investment   | None. The loan will be subordinated to the debt of the lenders of TN.  |
| If the investment carried conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable | NIL  |
| And repayment schedule and terms conditions of loans or advances to be given to the associated company or associated undertaking.   | To be finalized with lenders of TN at the time when (and if) a loan is required to be extended. However it is expected that the term will be at least as long as the loans/finances to be provided by the lenders which is 14 years from the date of effectiveness of their loan agreements. Repayment of both the principal and markup payable by TN will be subordinated to the principle/interest/mark-up and other payments due to the lenders under the terms of their financing documents. |

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**Commercial Risk LC – if demand for payment under Commercial Risk LC is deemed subordinated debt**

| Information Required  | Information Provided  |              |                             |              |                |                   |                |                     |               |
|---|---|--------------|-----------------------------|--------------|----------------|-------------------|----------------|---------------------|---------------|
| Name of associated company or associated undertaking  | ThalNova Power Thar (Private) Limited ("TN")  |              |                             |              |                |                   |                |                     |               |
| Basis of relationship with associated undertaking   | Thal Power (Private) Limited, a wholly owned subsidiary of the Company own 49.9% shares in ThalNova Power Thar (Private) Limited<br>Mr. Ali Suleman Habib, Director of the Company, Mr. Muhammad Salman Burney, Director of the Company and Mr. Mazhar Valjee, CEO of the Company are also directors on the board of TN |              |                             |              |                |                   |                |                     |               |
| Earnings per share for the last three years of associated undertaking   | <table> <tr> <th>Year</th><th>Earnings / (Loss) per share</th></tr> <tr> <td>2017</td><td>Rs. (0.80)</td></tr> <tr> <td>2016</td><td>Rs. (0.16)</td></tr> </table>  | Year         | Earnings / (Loss) per share | 2017         | Rs. (0.80)     | 2016              | Rs. (0.16)     |                     |               |
| Year  | Earnings / (Loss) per share   |              |                             |              |                |                   |                |                     |               |
| 2017  | Rs. (0.80)  |              |                             |              |                |                   |                |                     |               |
| 2016  | Rs. (0.16)  |              |                             |              |                |                   |                |                     |               |
| Break-up value per share, based on latest audited financial statements of the associated undertaking  | Rs. 9.62  |              |                             |              |                |                   |                |                     |               |
| Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements   | <p>As At June 30, 2017:</p> <table> <tr> <td>Total Assets</td><td>Rs 702,369,311</td></tr> <tr> <td>Total Equity</td><td>Rs 601,089,914</td></tr> <tr> <td>Total Liabilities</td><td>Rs 101,279,397</td></tr> <tr> <td>Loss after Taxation</td><td>Rs 23,328,355</td></tr> </table>                                     | Total Assets | Rs 702,369,311              | Total Equity | Rs 601,089,914 | Total Liabilities | Rs 101,279,397 | Loss after Taxation | Rs 23,328,355 |
| Total Assets  | Rs 702,369,311  |              |                             |              |                |                   |                |                     |               |
| Total Equity  | Rs 601,089,914  |              |                             |              |                |                   |                |                     |               |
| Total Liabilities   | Rs 101,279,397  |              |                             |              |                |                   |                |                     |               |
| Loss after Taxation   | Rs 23,328,355   |              |                             |              |                |                   |                |                     |               |
| <p>In the case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information namely:</p> <ol style="list-style-type: none"> <li>Description of the project and its history since conceptualization;</li> <li>Starting date and expected date of completion of work;</li> <li>Time by which such project shall become commercially operational;</li> <li>Expected time by which the project shall start paying return on investment; and</li> <li>Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts.</li> </ol> | Please see introduction above   |              |                             |              |                |                   |                |                     |               |
| Maximum amount of investment to be made   | PKR equivalent of US\$ 12.4 million.  |              |                             |              |                |                   |                |                     |               |
| Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment   | TN has been incorporated to construct, own, and operate 330 MW coal based facility ('Project'). As a condition precedent to making finance facilities available to TN for the   |              |                             |              |                |                   |                |                     |               |



|   |  |
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|   | purposes of the Project, the Company is required to provide to the lenders certain forms of security and sponsor support, including cost-overflow support (as discussed in the introduction). Investment in TN is anticipated to generate a return of 20% in IRR terms   |
| Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds:<br>(i) Justification for investment through borrowings;<br>(ii) Detail of collateral, guarantees provided and assets pledged for obtaining such funds; and<br>(iii) Cost benefit analysis. | Self-generated funds and borrowings (if required):<br>(i) Investment via borrowing shall enhance the return of investor due to lower cost of debt versus cost of equity. Borrowing shall also be used where there is funding shortfall from self-generated cash.<br>(ii) Mortgage over land and building and hypothecation over plant and machinery of the Company<br>(iii) Investment in TN is anticipated to generate a return of 20% in IRR terms |
| Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment   | The Company will be obligated to make this investment pursuant to the Commercial Risk Guarantee Agreement. Please see introduction above for further details.  |
| 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   | Thal Power (Private) Limited, a wholly owned subsidiary of the Company own 49.9% shares in ThalNova Power Thar (Private) Limited. Mr. Ali Suleman Habib, Mr. Muhammad Salman Burney and Mr. Mazhar Valjee are nominee directors of Thal Power (Private) Limited in ThalNova Power Thar (Private) Limited and each of them hold 1 qualifying share. Interest of the shareholders is restricted to the extent of their shareholding                    |
| In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs   | Thal Limited has not injected any equity in nor extended any loan to TN  |
| Any other important details necessary for members to understand the transaction   | NIL  |
| Category-wise amount of investment  | PKR equivalent of US\$ 12.4 million to be extended as a loan.  |
| Average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return  | 3 month KIBOR plus 0.75%   |

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| for Shariah compliant products and rate of return for unfunded facilities, as the case maybe, for the relevant period.  |  |
| Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company   | Higher than the markup payable by the Company on its borrowing of like or similar maturities at the time of disbursement.  |
| Particulars of collateral or security to be obtained in relation to the proposed investment   | None. The loan will be treated as debt subordinated to that of the lenders of TN.  |
| If the investment carried conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable | NIL  |
| And repayment schedule and terms conditions of loans or advances to be given to the associated company or associated undertaking.   | To be finalized with lenders of TN at the time when (and if) a loan is required to be extended. However it is expected that the term will be at least as long as the loans/finances to be provided by the lenders which is 14 years from the date of effectiveness of their loan agreements. Repayment of both the principal and markup payable by TN will be subordinated to the principle/interest/mark-up and other payments due to the lenders under the terms of their financing documents. |

Each of the term-sheets executed with local and foreign lenders are available for inspection at the registered office of the Company during office hours.

The aforementioned notice and the statements of material facts have been dispatched to the head office of the Securities and Exchange Commission of Pakistan, through fax or e-mail and courier service on the same day it was dispatched to the members.

The Directors of the Company have carried out the necessary due diligence for the purposes of this investment in ThalNova and is available with the Company for review.

The duly signed recommendations of the due diligence report will be made available for members inspection in the general meeting called for approval of the special resolution for investment in ThalNova pursuant to section 199 of the Act.

