



NOTICE OF 21ST ANNUAL GENERAL MEETING

Notice is hereby given that the 21st Annual General Meeting of the shareholders of **Lafarge Pakistan Cement Limited** (the “Company”) will be held on Tuesday, April 29th, 2014, at 11:00 a.m. at the Registered Office, 18-B, Kaghan Road, F-8 Markaz, Islamabad to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the Extraordinary General Meeting held on October 29th, 2013.
2. To receive and adopt the audited accounts of the Company for the year ended December 31st, 2013 along with Directors’ and Auditors’ reports thereon.
3. To approve and declare cash dividend of Rs. 0.30 per share for the year ended December 31st, 2013 as recommended by the Board of Directors.
4. To appoint Auditors for the year ending December 31st, 2014 and to fix their remuneration. The retiring auditors namely M/s Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, Islamabad, being eligible, offer themselves for re-appointment.

SPECIAL BUSINESS:

5. To consider and if thought fit to pass the following resolution with or without modification as a special resolution relating to related party transactions.

“RESOLVED THAT the Refuse Derived Fuel Off-Take Agreement executed at Islamabad on 13.02.14 by and between ECOCEM Pakistan (Pvt.) Limited and the Company for the purchase of refuse derived fuel be and is hereby approved.

FURTHER RESOLVED THAT the Resources and Services Agreement to be entered into by and between ECOCEM Pakistan (Pvt.) Limited and the Company at arm’s length in furtherance of the Refuse Derived Fuel Off-Take Agreement be and is hereby approved.

FURTHER RESOLVED THAT Mr. Amr Ali Reda, Chief Executive Officer of the Company, be and is hereby authorized to sign and execute the Resources and Services Agreement on behalf of the Company and take all necessary actions in this regard.”

6. To transact any other business which may be placed before the meeting with the permission of the chair.

Islamabad:
April 8th, 2014

By Order of the Board


Ms. Ayesha Khokhar
Company Secretary

LAFARGE PAKISTAN CEMENT Ltd.

Head Office: 18-B, Kaghan Road, F-8 Markaz, Islamabad - Pakistan.

UAN: +92-51-111 111 722, Fax: +92-51-281 7300

URL: www.lafargepakistan.com.pk



Notes:

1. The share transfer books of the Company will remain closed from 23-04-2014 to 29-04-2014 (both days inclusive) to determine entitlement for attending Annual General Meeting.
2. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend the meeting and vote instead of him/her. Proxies in order to be effective must be received by the Company not later than 48 hours before the meeting.
3. CDC shareholders entitled to attend and vote at this meeting, shall produce his/her original CNIC or passport to prove his/her identity. Representatives of corporate members should bring the usual documents required for such purpose. The members are requested to follow the guidelines as laid down in Circular No. 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.
4. Shareholders are requested to immediately notify to M/s THK Associates (Pvt.) Limited, the Share Registrar of the Company, of change in their address, if any.
5. Members who have not yet submitted a photocopy of their computerized National Identity Cards to the Company are requested to send the same at the earliest to the Share Registrar.

STATEMENT UNDER SECTION 160(1)(b) OF THE COMPANIES ORDINANCE, 1984

This Statement sets out the material facts concerning the Special Business to be transacted at the 21st Annual General Meeting of the Company to be held on April 29, 2014:

Item 5: To consider and if thought fit to pass the following resolution with or without modification as a special resolution relating to related party transactions.

- (1) ECOCEM Pakistan (Pvt.) Limited (the “**Ecocem**”), is a Private Limited Company within the meanings of Section 2(1) (28) of the Companies Ordinance 1984. The main objective of the company is to engage in, conduct and carry on business of production, sale and delivery of refuse derived fuel (the “**RDF**”) for use as an alternate fuel.
- (2) Lafarge Pakistan Cement Limited (the “**Company**”), in pursuit of its sustainable development objectives has entered into an agreement with ECOCEM dated 13.02.14 called the Refuse Derived Fuel Off-Take Agreement (the “**Agreement**”) pursuant to which Lafarge shall purchase RDF from ECOCEM on the following key terms and conditions:
 - *It shall purchase a guaranteed minimum tonnage total of thirty eight thousand (38,000) tons of the product per annum for the Year 1; 46,750 tons for the Year 2; 51,750 tons for the Year 3; 55,000 tons for the Year 4-7 in accordance with a minimum Specifications set forth in the Agreement.*
 - *The price of the product to be supplied in terms of the Agreement shall be benchmarked to the landed price of imported coal as delivered to the Company's Cement Plant, with adjustments being allowed for the difference between the Net calorific value of imported coal and RDF with a further discount. Based on the*

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above, the formula and mechanism for calculating price of the product are set out in Agreement.

- ECOCEM shall make available for supply to the Company, the requested quantities of the product at delivery point. Delivery of the Product shall be in accordance with procedure set out in detail in the Agreement.
- Title and Risk in the product shall pass to the Company once the said product has been delivered.
- The term of the Agreement is for seven (07) years unless terminated earlier in accordance with Section 9 of the Agreement.

(3) In furtherance of the above agreement, the Company and ECOCEM will also enter into a Resources and Services Agreement for the provision of resources/services such as land space, electricity, security etc., by the Company to ECOCEM for the purposes of its shredding operation which will be located in close proximity to the Company's Plant. Essential terms of this agreement are:

- ECOCEM shall build and operate at two sites: (i) a sorting facility in Lahore operated by Lahore Compost Ltd; and (ii) a shredding facility at Company's plant in Kallar Kahar, district Chakwal.
- The Company shall provide ECOCEM with interalia the following:
 - (i) land space for installation and commissioning of Shredder System and shredder discharge conveyor at its Plant;
 - (ii) land space for installation of storage shed including concrete slab, mobile concrete walls for RDF stocks at its Chakwal site;
 - (iii) road access to shredder installation and storage location; &
 - (iv) utilities including electricity and water at shredder installation and sorted waste storage site
- The agreement shall be effective from the date of signing and shall continue to remain in full force and effect for a period of seven (7) years.
- ECOCEM shall pay to the Company all sums due in accordance with the schedule of charges highlighted in the agreement. All charges shall be inclusive of all applicable taxes, charges, fees, levies etc.
- In the event that the Company fails to perform its obligations under this agreement or fails to provide the Resources and Services mentioned herein on any day, or part thereof of, ECOCEM shall have the right to claim liquidated damages.
- Either Party to the agreement shall be entitled to terminate the agreement for the reasons given in Section 10.2 of this agreement by giving the other Party thirty (30) days prior written notice.

(4) Both the aforementioned agreements, namely the Refuse Derived Fuel Off-Take Agreement and the Resources and Services Agreement, are open to inspection by the shareholders who may through prior intimation to the Company Secretary visit the registered office of the Company between 11:00 am to 4:00 pm for such review from the date of publication of this notice till the conclusion of the Annual General Meeting.

(5) ECOCEM and the Company are related parties as 50% of the shares of ECOCEM are owned indirectly by the Company's ultimate parent i.e. Lafarge S.A, and both the companies have the same Chief Executive Officer, Mr. Amr Ali Reda. In this background, the Directors of the Board of the Company may be deemed to be interested



with respect to the aforesaid agreements and therefore restricted to vote or participate in any discussions relating to the said agreements under Section 216 (1) of the Companies Ordinance, 1984. Additionally, their presence will not be counted towards the quorum required for the Board meeting which may be tasked with the approval of the said agreements. Therefore, the aforementioned agreements after having obtained the requisite recommendation from the Audit Committee have to be now approved by the shareholders of the Company in present Annual General Meeting.

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