



FECTO CEMENT LTD.

Head Office : 35, Darul Aman Housing Society, Block 7/8, Shahrah-e-Faisal, Karachi - 75350, Pakistan.

Phones : (+9221) 34530120-2 & 4

Fax : (+9221) 34530123 & 34546455

E-mail : cement@cyber.net.pk

Website : www.fectogroup.com

FECTO CEMENT LIMITED NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 33rd Annual General Meeting of the Members of the Company will be held at Registered Office, 35-Darulaman Housing Society, Block 7/8, Shakra-e-Faisal, Karachi on Tuesday, October 28, 2014 at 12.00 noon to transact the following businesses:

- 1) To receive, consider and adopt the Annual Audited Accounts for the year ended June 30, 2014 together with the Directors' and Auditors' Reports thereon.
- 2) To consider and if deemed fit, approve the payment of final cash dividend @ 15 % (Rs. 1.50 per share) for the financial year ended June 30, 2014 as recommended by the Board of Directors. This is in addition to interim cash dividend of 10% (Re. 1.00 per share) already paid during the year.
- 3) To appoint Auditors for the year ending June 30, 2015 and to fix their remuneration. Present auditors M/s. KPMG Taseer Hadi & Co., Chartered Accountants retires and being eligible have offered themselves for the re-appointment. Audit Committee of the Board has recommended the appointment of M/s. KPMG Taseer Hadi & Co. Chartered Accountants as auditors of the Company for the year ending June 30, 2015.
- 4) SPECIAL BUSINESS
 - a) To consider, approve and authorize the Company to issue Corporate Guarantee / Undertaking on behalf of the associated undertaking / related party namely Frontier Paper Products (Pvt.) Limited in favour of local lenders to the extent of Rs. 350 million to provide cover against the amount financed by the lenders for setting up of fully integrated Polypropylene Cement Bags Manufacturing Plant to be set up in Haripur, Hattar, and pass the following Special Resolution with or without modification, in terms of Section 208 of the Companies Ordinance, 1984 subject to the approval of shareholders:
 - b) "RESOVLED that the company be and is hereby authorized to issue Corporate Guarantee / Undertaking on behalf of the associated undertaking

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/ related party namely Frontier Paper Products (Pvt.) Limited in favour of local lenders to the extent of Rs. 350 million to provide cover against the amount financed by the lenders for setting up of fully integrated Polypropylene Cement Bags Manufacturing Plant to be set up in Haripur, Hattar.

- c) "FURTHER RESOLVED THAT the Chief Executive and /or director of the Company be and are hereby authorized to take any and all actions as may be required from time to time in this regard".
- 5) To transact any other business with the permission of the Chair.

By Order of the Board

(ABDUL SAMAD)
COMPANY SECRETARY

Karachi: September 23, 2014

Notes:

1. The Share Transfer Books of the Company will remain closed from Saturday, October 18, 2014 to Tuesday, October 28, 2014 (both days inclusive). Transfers received in order by our Shares Registrar at the close of business on Friday, October 17, 2014 will be considered in time for the entitlement of transferee.
2. A member of the Company entitled to attend and vote at this meeting may appoint another member as a proxy to attend, speak and vote instead of him/her. An instrument appointing a proxy must be received at the Registered Office of the Company not later than forty eight hours before the time of holding the Meeting. The proxy shall produce his/her original National Identity Card or passport to prove his/her identity.
3. Members are requested to notify any change in their address immediately.



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4. Securities and Exchange Commission of Pakistan (SECP) vide notifications dated August 18, 2011 and July 05, 2012 made it mandatory that dividend warrants should bear CNIC number of the registered member, therefore, members who have not yet submitted photocopy of their valid Computerized National Identity Cards to the Company are requested to send the same at the earliest to enable the Company to comply with relevant laws. Failure to provide the same would constrain the Company to withhold dispatch of dividend warrants.
5. As directed by SECP vide Circular No. 18 of 2012 dated June 05, 2012 and Notification No. 8(4)/SM/CDC-2008 dated April 05, 2013, we have already given opportunity to shareholders to authorize the Company to directly credit in their bank account with cash dividend, if any, declared by the Company in future. If you still wish that the cash dividend, if declared by the Company be directly credited into your bank account, instead of issuing a dividend warrant, please provide the relevant details, as mentioned in the standardized dividend mandate form attached with the above mentioned circular.
 - i) in case of book entry securities in CDS, to CDC Participants; and
 - ii) in case of physical securities to the Company's Share Registrar
6. CDC Account Holders will have to further follow the guidelines as laid down in Circular No. 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

Deduction of Income Tax from dividend under Section 150 of the Income Tax Ordinance 2001

Through the Finance Act 2014 rates of withholding tax from payment of dividend effective July 01, 2014 have been revised whereby rate of tax deduction for non filer of income tax returns is increased to 15% as against the 10% for filers of income tax returns.

In order to enable the Company to ascertain the status of shareholders as filer or non filer all shareholders of the Company who holds shares in physical form are requested to send a copy of valid CNIC together with NTN certificate to share registrar of the Company. Shareholders holding shares in Central Depository System (CDS) of Central Depository Company Pakistan Limited (CDC) are requested to send their copies of valid CNIC and NTN certificate to CDC Participants/CDC Investor Account Service. Non submission of requested documents by any shareholder will result deduction of tax at higher rate.

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A statement under Section 160 (1)(b) of the Companies Ordinance, 1984 pertaining to the special business is appended below:

Item no 4 - Special Business

The Directors in their board meeting held on September 23, 2014 have recommended issuance of Corporate Guarantee / Undertaking on behalf of the associated undertaking / related party namely Frontier Paper Products (Pvt.) Limited in favour of local lenders to the extent of Rs. 350 million to provide cover against the amount financed by the lenders for setting up of fully integrated Polypropylene Cement Bags Manufacturing Plant to be set up in Haripur, Hattar.

According to S.R.O 27(I)/2012 dated January 16, 2012, the following information is required to be annexed with the Special Resolution for approval on investment in an associated undertaking / related party for the purpose of section 208 of the Companies Ordinance, 1984 and information required under Regulation 3(I)(b) of the Companies (Investment in Associated Undertakings) Regulations, 2012:

Sr. No.	Description	Information Required
(i)	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	Frontier Paper Products (Pvt.) Limited (Associated company based on common directorship)
(ii)	Amount of loans or advances	Corporate Guarantee up to Rs. 350 million
(iii)	Purpose of loans or advance and benefits likely to accrue to the investing company and its members from such loans or advances	Frontier Paper Products (Pvt.) Limited (FPPL) was incorporated back in 1986 as a private Limited Company. FPPL is currently involved in the



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		<p>production and marketing of Kraft Sack Paper Bags for Cement with an existing production capacity of 8.75 million bags per annum on single shift basis and has achieved 77% capacity utilization in 2014. FPPL enjoys advantage from its sister concern Fecto Cement Limited and its 100% sales has been procured by Fecto Cement Limited.</p> <p>Being the common directorship of the associated company, Fecto Cement Limited may be required to issue Corporate Guarantee / Undertaking in favour of project lenders as a security for provision of long term finance for the project.</p> <p>Fecto Cement Limited will enjoy advantage from its sister concern Frontier Paper Products (Pvt.) Limited as its 33% sales from the proposed project is expected to be procured from them currently buying from other sources.</p>
(iv)	In case any loan has already been granted to the said associated company or associated undertaking, the complete details thereof.	Not applicable



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(v)	Financial position, including main items of balance sheet and profit and loss account of the associated undertaking on the basis of its latest financial statements.	<p>Un- Audited Financial Information as on June 30 2014</p> <p style="text-align: right;">Rs. In 000</p> <p>Balance Sheet</p> <p>Share Capital and Reserves 95,333</p> <p>Deferred Liabilities 9,546</p> <p>Creditors and Accrued Expenses 3,329</p> <p>Operating Assets 2,327</p> <p>Stock In Trade 28,232</p> <p>Advances 18,807</p> <p>Trade Debts 40,457</p> <p>Cash and Bank Balance 13,784</p> <p>Profit and Loss Account</p> <p>Sales 136,073</p> <p>Cost of Sales 127,521</p> <p>Profit before Taxation 2,692</p> <p>Profit after Taxation 1,835</p>
(vi)	Average borrowing cost of the investing company or in case of absence of borrowing the Karachi Inter Bank Offered Rate for the relevant period.	Not applicable
(vii)	Rate of interest, mark up, profit, fees or commission etc. to be charged	Not applicable
(viii)	Sources of funds from where loans or advances will be given	Not applicable
(ix)	Where loans or advance are being granted using borrowed funds;	Not applicable



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	i. Justification for granting loan or advances out of borrowed funds	Not applicable
	ii. Details of guarantee / assets pledged for obtaining such funds, if any.	Not applicable
	iii. Repayment schedule of borrowing of the investing company.	Not applicable
(x)	Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any.	Not applicable
(xi)	Repayment schedule and terms of loans or advances to be given to the investing company	Not applicable
(xii)	Salient feature of all agreement entered or to be entered with its associated company or associated undertaking with regards to proposed investment	Not applicable
(xiii)	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	Mr. Mohammed Asad Fecto and Mr. Mohammed Yasin Fecto are directors of the associated company; however no directors, sponsors, majority shareholders and their relatives, have any direct or indirect interest except shareholding in the associated company.

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(xiv)	any others important details necessary for the members to understand the transaction	<p>Frontier Paper Products (Pvt) Limited (FPPL) is currently planning to install a Poly Propylene Bags Manufacturing plant with annual capacity of 30m cement bags. The plant is expected to be installed by June 2015.</p> <p>Total Project cost is expected to be Rs. 450 million with debts of Rs. 350 million. Corporate Guarantee from Fecto Cement Limited is one of the conditions to secure debt financing. Funds raised from the proposed Facility would be utilized by FPPL to finance the installation of Plant.</p>
(xv)	In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operation, in additions to the information referred to above, the following further information, is required, namely:	
	i. A description of the project and its history since conceptualization	Not applicable
	ii. Starting and expected date of completion of work	Not applicable
	iii. Time by which such project, shall become commercially operational	Not applicable



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	iv. Expected return on total capital employed in the project	Not applicable
	v. Funds invested or to be invested by the promoters distinguishing between cash and non-cash amounts.	Not applicable

As per the disclosure requirement of Para 4(I) of the Companies (Investment in Associated Undertakings) Regulations 2012, it is informed that the following directors of the company are also the directors in the Investee company; however, they have no direct or indirect interest except to the extent of shareholding in the investee company;

- 1) MR. MOHAMMAD ASAD FECTO
- 2) MR. MOHAMMAD YASIN FECTO

SHARE REGISTRAR:

Messrs. Technology Trade (Private) Limited
241-C, Block 2
P.E.C.H.S.
Karachi



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