

**Schedule 3 under  
The Companies (Further Issue of Shares) Regulation, 2020**



**To be sent to the Members along with Notice Offering New Shares**

## FEROZE1888 MILLS LIMITED

Registered Office: H-23/4-A, Scheme # 3, Landhi Industrial Area, Karachi

Tel: 021 35083641-48

E-mail: secretary@feroze1888.com

### A. Information pertaining to the Company offering right issue:

#### a. Company Profile and History

I	<b>Name of the Company</b>	Feroze1888 Mills Limited
Ii	<b>Date of Incorporation</b>	26 October, 1972
Iii	<b>Date of Commencement of business</b>	-
Iv	<b>Corporate Universal Identification Number (CUIN)</b>	0003794
V	<b>Website address</b>	www.feroze1888.com
Vi	<b>Contact details</b>	021 38403758-59 secretary@feroze1888.com

#### b. Profile of the Management and Sponsors:

I	<b>Brief description of profile of directors</b>	Annexure-A
Ii	<b>Other directorships held</b>	

#### c. External Auditors of the Company:

EY Ford Rhodes, Progressive Plaza, 601, Beaumont Road, Civil Lines, Karachi

#### d. Existing Capital including classes of shares, if any: Ordinary Shares

I	Authorized capital (amount, number of shares and price per share)	PKR 4,000,000,000/-divided into 400,000,000 shares of PKR 10/- each.
Ii	Paid-up capital (amount, number of shares and price per share)	PKR 3,768,009,680/- divided into 376,800,968 shares of PKR 10/- each.

#### e. Particulars regarding Holding Company: There is no holding company Issue

#### f. Financial highlights of the Company for preceding three years:

PKR '000' unless stated otherwise	Jun 2019	Jun 2020	Jun 2021
Sales	29,348,438	31,205,677	42,575,465
Gross Profit / (Loss)	7,748,030	7,506,679	10,066,127
Profit / (Loss) before interest and tax	6,376,986	3,630,584	5,347,611
Profit / (Loss) after tax	5,989,810	2,937,221	4,311,291
Accumulated Profit / (Loss)	14,077,769	15,134,124	18,439,942
Total Assets	33,967,336	43,262,372	51,866,928
Total Liabilities	13,863,887	22,115,314	27,414,052
Net Equity	20,103,449	21,147,058	24,452,876
Breakup Value Per Share with surplus (PKR)	53.35	56.12	64.90
Breakup Value Per Share without surplus (PKR)	49.37	52.18	60.95
Earnings / (Loss) per share (PKR)	15.90	7.80	11.44
Cash Dividend per share (%)	63.5%	23.4%	34.3%
Bonus Issue	-	-	-

**g. Financial highlights of consolidated financial statements for preceding one year:**

N/A

**h. Details of issue of capital in previous five years:**

Year	Detail of issue of capital	Details of fund utilization
2021	-	-
2020	-	-
2019	-	-
2018	-	-
2017	-	-

**B. Details of the Current Right Issue:** Issue of ordinary shares as right shares at a right price of PKR 70/- per share

a)	<b>Description of Issue: Amount of proposed Issue:</b>	22,608,058 Ordinary Shares of PKR 70/- each = PKR 1,582,564,060/-
b)	<b>Face Value of the Share</b>	PKR 10/-
c)	<b>Basis of determination of price of right issue</b>	Board of Directors of the Company decided the price of Right Issue considering various factors including financial projections and current market value of the Company. The price was set at PKR 70/- per share to provide significant discount to the current market prices.
d)	<b>Proportion of new issue to existing shares with any condition applicable thereto:</b>	6 right shares for every 100 ordinary shares held i.e. 6%.
e)	<b>Date of meeting of Board of Directors (BoD) announcing right issue:</b>	October 29, 2021
f)	<b>Name of directors attending the Board Meeting:</b>	<ul style="list-style-type: none"> <li>• Mr. Jonathan R. Simon</li> <li>• Mr. Nasim Hyder</li> <li>• Mr. Khaleequr Rahman</li> <li>• Mr. Shabbir Ahmed</li> <li>• Mr. Abdul Rehman Yaqub</li> <li>• Mr. Perwez Ahmed</li> <li>• Mr. Anas Rahman</li> <li>• Mr. Zain Ashraf Mukaty</li> <li>• Ms. Huma Pasha</li> <li>• Ms. Aminah Zahid Zaheer</li> <li>• Mr. Rehan Rahman</li> </ul>
g)	<b>Justification of the Issue</b>	
	<b>(i) Details of the main objects for raising funds through present right issue:</b>	
	<b>a. Detail of project phase</b>	<p>Proceeds raised through right issue will be utilized to support the building infrastructure for one of the phase of the project. The list of activities include:</p> <ul style="list-style-type: none"> <li>• Building construction;</li> <li>• Civil works;</li> <li>• Electrical works etc.</li> </ul>
	<b>b. Total funds required for the project phase</b>	PKR 6,235 million /-

<p><b>c. Cost breakup of the project phase and related details</b></p>	<p><b>Cost breakup of the Project Phase:</b></p> <table border="1" data-bbox="857 155 1401 352"> <thead> <tr> <th>Description</th> <th>Amount (Rs. In million)</th> </tr> </thead> <tbody> <tr> <td>Civil</td> <td>2,981</td> </tr> <tr> <td>Machines and allied items</td> <td>3,254</td> </tr> <tr> <td><b>Total</b></td> <td><b>6,235</b></td> </tr> </tbody> </table> <p><b>Breakup of Civil Cost for the Project Phase:</b></p> <table border="1" data-bbox="857 449 1401 674"> <thead> <tr> <th>Description</th> <th>Amount (Rs. In million)</th> </tr> </thead> <tbody> <tr> <td>Steel &amp; Cement</td> <td>1,461</td> </tr> <tr> <td>Other Civil Material and Construction Services</td> <td>1,222</td> </tr> <tr> <td>Electrical works and others</td> <td>298</td> </tr> <tr> <td></td> <td><b>2,981</b></td> </tr> </tbody> </table> <p>Out of Rs 2,981 million of Civil Cost above, 1,100 million has already been incurred on this project phase (as the project phase started in December 2020). The proceeds raised through Right Issue amounting to Rs 1,582 million will primarily be utilized for Civil Cost as under (amounts given below are indicative in nature and may vary according to situation):</p> <table border="1" data-bbox="857 997 1401 1255"> <thead> <tr> <th>Description</th> <th>Approx. Amount (Rs. In million)</th> </tr> </thead> <tbody> <tr> <td>Steel &amp; Cement</td> <td>775</td> </tr> <tr> <td>Other Civil Material and Construction Services</td> <td>648</td> </tr> <tr> <td>Electrical works and others</td> <td>159</td> </tr> <tr> <td></td> <td><b>1,582</b></td> </tr> </tbody> </table> <p>Two Civil Contractors namely Total Construction and G.R.S Construction have been engaged for this project phase. These Civil Contractors have been working with the Company for over 5 years and are not a related party of the Company.</p>	Description	Amount (Rs. In million)	Civil	2,981	Machines and allied items	3,254	<b>Total</b>	<b>6,235</b>	Description	Amount (Rs. In million)	Steel & Cement	1,461	Other Civil Material and Construction Services	1,222	Electrical works and others	298		<b>2,981</b>	Description	Approx. Amount (Rs. In million)	Steel & Cement	775	Other Civil Material and Construction Services	648	Electrical works and others	159		<b>1,582</b>
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<p><b>d. Percentage of funds required financed through the right issue</b></p>	<p>25%</p>																												
<p><b>e. Percentage of fund required financed from other resources, if any</b></p>	<p>75%</p>																												
<p><b>f. Time of completion of project phase</b></p>	<p>January 2023</p>																												
<p><b>(ii) Expected benefits of the issue to the company and its members (description and amount)</b></p>	<p>The major benefit of the capacity enhancement is to reduce the dependency on outsourcing. Moreover, it will contribute in reducing the manufacturing cost and improvement in quality as well. The said phase will enhance the in-house capacity as under:</p>																												

		Annual increase in in-house capacity		
		Description	Kgs in Million	%
		Spinning	4.246	7
		Weaving	8.213	14
<b>h)</b>	<b>Average market prices of the shares of the company during the last six months</b>	Rs. 96.79 per share		

**i) Financial effects arising from right issue**

**Changes in Share Capital:**

Shares	Before Right Issue		After Right Issue	
	No. of shares	Amount at par (PKR)	No. of shares	Amount at par (PKR)
	376,800,968	3,768,009,680	399,409,026	3,994,090,260

**Net Asset/Break-up value per share and gearing ratio**

As per financials 30/06/2021	Before Right Issue	After Right Issue
Net asset/ break-up value per share with surplus (PKR)	64.90	65.18
Gearing Ratio (Times) <sup>1</sup>	0.80	0.75

**j) Total expenses to the issue:**

Bankers Commission	PKR 200,000
Underwriting Commission	0.5%
Take-up Commission	1%

**C. Information regarding risks and risks mitigation factors**

**a. Description of major risks and the company's efforts to mitigate them:**

<b>i)</b>	<b>Risk relating to the project for which proceeds of the right issue are to be utilized</b>	<p>Risk rating of this project is low with respect to the likelihood and impact (as the project phase has already started in December 2020 and civil work is in full swing and LC's for machines have already been opened). Following are the risks:</p> <ul style="list-style-type: none"> <li>• Delay in completion due to the pandemic new variant (Omicron);</li> <li>• Delay in arrival of Plant and Machinery due to the above;</li> <li>• Adverse fluctuation in foreign currency rates.</li> </ul>
<b>ii)</b>	<b>Risks relating to subscription/ under-subscription of right issue</b>	<p>The Right issue of the company is being made at a price of PKR 70/- each which is at a significant discount to the prevailing market price per share, and hence, there is no major investment risk associated with the right issue (as the project phase has already started in December 2020 and civil work is in full swing and LC's for machines have already been opened). Normal risks associated with business will remain. However,</p>

<sup>1</sup> Debt/Equity ratio

		based on its FY21 performance company is well placed in the market which will help to mitigate such risks factors.															
iii)	<b>Material contingencies (As per audited financial statement for the period ended 30/06/2021)</b>	Contingencies: <table border="1"> <thead> <tr> <th>PKR (Million)</th> <th>2021</th> <th>2020</th> </tr> </thead> <tbody> <tr> <td>-</td> <td>-</td> <td>-</td> </tr> </tbody> </table>	PKR (Million)	2021	2020	-	-	-									
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iv)	<b>Material commitments (As per audited financial statement for the period ended 30/06/2021)</b>	<table border="1"> <thead> <tr> <th>PKR (Million)</th> <th>2021</th> <th>2020</th> </tr> </thead> <tbody> <tr> <td>Outstanding letter of credit</td> <td>2,971</td> <td>650</td> </tr> <tr> <td>Outstanding letter of guarantee</td> <td>1,434</td> <td>1,221</td> </tr> <tr> <td>Capital expenditure</td> <td>5,044</td> <td>849</td> </tr> <tr> <td>Post-dated cheques</td> <td>4,329</td> <td>3,148</td> </tr> </tbody> </table>	PKR (Million)	2021	2020	Outstanding letter of credit	2,971	650	Outstanding letter of guarantee	1,434	1,221	Capital expenditure	5,044	849	Post-dated cheques	4,329	3,148
PKR (Million)	2021	2020															
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Post-dated cheques	4,329	3,148															
v)	<b>Any adverse issue reported by the auditor in their audit report in previous five years</b>	None															

**b. Name of Underwriters:**

Name of Underwriter	Amount Underwritten (Rs. In million)
Arif Habib Limited	281.83
Ismail Iqbal Securities	199.99
Dawood Equities Limited	49.99
<b>Total amount underwritten</b>	<b>531.81</b>

Undertakings have been obtained from the Directors / Substantial Shareholders / Shareholders for subscription of remaining portion of the right shares issue amount.

**D. Eligibility Criteria & Associated matters**

a)	<b>Eligible shareholder/member:</b>	All shareholders whose names appear on the register of the shareholder at the close of business on 25 November 2021
b)	<b>Bankers to the Issue</b>	<b>Habib Metropolitan Bank Limited</b>
c)	<b>Date by which the offer, if not accepted, shall be deemed to have been declined:</b>	6 January 2022
d)	<b>Mode of acceptance:</b>	Cash/ Cheque/ Pay Order/ Demand Draft
	<b>(i) Bank Account Details</b>	Feroze 1888 Mills Limited-Right Share Subscription Account
	<b>(ii) Date by which amount to be credited in bank account to constitute valid acceptance.</b>	6 January 2022

**E. ANY OTHER MATERIAL INFORMATION THAT MAY HAVE DIRECT OR INDIRECT BEARING ON THE INVESTMENT DECISION.**

None


**F. ANNEXURES**

**Annexure A-** Particulars of Directors/Chief Executive and office held by them in other Companies.

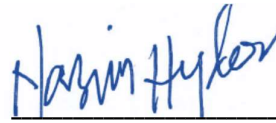
**Annexure B-** Extract of Resolution passing the right issue.

**Annexure C-** Certificate of Chief Executive Officer and Chief Financial Officer that the circular constitutes full and true disclosure of all material facts relating to the right and the company will provide copies of financial statements on demand.

**For and on behalf of  
Feroze1888 Mills Limited**



**Director**



**Director**

Dated: 07 December 2021

**Profile of the Board of Directors of the Company and other Companies Directorships**

**Mr. Jonathan R. Simon**

Non-Executive Director/Chairman

Mr. Jonathan Simon is the Chairman on the Board of Feroze1888 Mills Limited since 2016 and is also currently serving on the Board of 1888 Mills USA and Premier 1888 Mills Limited, Bangladesh. He previously served as President of Shel-Nor Mills 1983-1996, President ESN, Inc 1996-2003, President 1888 Mills 2003-2005, President and CEO 1888 Mills 2005-2020.

With over 35 years in the Home and Commercial Textile Industry, Mr. Simon brings global business experience across the continents including North America, Asia, Europe, Middle East, and Africa. As a former member of ITMF (International Textile Manufacturers Federation) Home Textiles Producers Committee, he worked on Social and Environmental Audit compliance initiatives. He has proudly been associated with Feroze1888 Mills Limited for over 25 years and helped it to establish the retail towel business in the USA. The depth of his knowledge and breadth of his experience is a driving force behind the Board of Feroze1888 Mills Limited.

Mr. Simon received his education from Indiana University, with a Bachelor's Degree in Business Administration & Management and from the University Of Chicago Booth School Of Business AMP.

**Other Directorships**

1888 Mills, LLC  
Premier 1888 Ltd

**Mr. Nasim Hyder**

Independent Director/Vice Chairman

Mr. Nasim Hyder has over thirty years of experience in accountancy, audit, tax, corporate affairs and consultancy. He is regarded as one of the leading authorities in the country on taxation and was actively involved in policy making regarding tax legislations in Pakistan when in practice.

Mr. Hyder served as a Country Tax Leader/Senior Partner of EY Ford Rhodes (Previously Ernst & Young Ford Rhodes Sidat Hyder), Chartered Accountants. He also served as the President, elected member and member of the council and various committees of the Institute of Chartered Accountants of Pakistan (ICAP).

Mr. Hyder is a fellow member of the Institute of Chartered Accountant of Pakistan

**Other Directorships**

Orix Leasing Pakistan Limited  
The Indus Hospital

**Mr. Khaleequr Rahman**

Non-Executive Director

Mr. Khaleequr Rahman is in textile industry for more than four decades. Belonging to a family in business for generations, he was made part of business during his education days and started to learn and understand the textile and other family businesses.

With the broadening of experience and exposure, his role was enhanced over time and ultimately assigned the responsibility to lead the business. After assuming of role, he strongly emphasized on change in culture, adopting and practicing the more proven technological advancements and made all his efforts to adopt good practices and introduced the culture of high performance with maximum economization. With his vision and leadership capabilities and foresightedness, he not only enhanced the volume and profit by many folds but the Company also on sustainable basis to rank as the largest in the Country.

He is an individual who is highly respected in the Textile Industry for his professional acumen, vision and innovations.

**Other Directorships**

Nigehban (Pvt.) Limited  
The ILM Foundation  
ARS Impex (Pvt.) Limited  
DMS Education Foundation

**Mr. Shabbir Ahmed**

Non-Executive Director

Mr. Shabbir Ahmed belongs to a family who has diversified stake in industries, trade and commerce for many decades in Pakistan. He himself is engaged in similar activities for almost 45 years both independently and in joint ventures / partnership with other family members as well as other business houses and individuals.

He travels extensively for updating on advancement in textile sector and for exploring export markets, contract negotiation and customer retention. Mr. Shabbir is highly respected in the business community as a man of commitment.

**Other Directorships**

Prominence Hospitality Pakistan (Pvt.) Ltd  
UTI Industries (Pvt.) Ltd

**Mr. Abdul Rehman Yaqub**

Non-Executive Director

Mr. Abdul Rehman Yaqub after completing his education in the US entered into textile industry almost 35 years back. Starting out as a young businessman with a strong work ethic, he started sales and distribution textile Company named as Eastern Imports Ltd. Within few years, he expanded the operation by acquiring manufacturing facilities in Bangladesh and Sri Lanka. While his company was growing internationally, he worked on expanding his US operations by merging with another niche textile company to become Eastern-Shelnor, Inc. (ESN). From the success and growth of ESN another merger came into play with him leading the way. ESN merged with a textile manufacturer and became 1888 Mills, LLC with manufacturing capabilities in the US.

Over the years, he has utilized his many years of knowledge and understanding of the global textile market to be the visionary of the Company. His unique ability to bring together people of diverse cultures and backgrounds has enabled 1888 Mills US to be one of the pioneers of global textile production, with mills in Pakistan, Bangladesh, Ghana and the United States. Today Mr. Yaqub is seen as a predominant global business leader.

**Other Directorships**

1888 Mills, LLC  
GMI Fund, LLC  
Grangeford USA Inc  
Premier 1888 Ltd

**Mr. Perwez Ahmed**

Non-Executive Director

Mr. Perwez Ahmed's career began nearly five decades ago and his association with Feroze1888 is from the beginning as he was among the founding members of the Company. Over the span of his professional service he has proven his expertise in strategically leading the business with a strong acumen in finance, sales, marketing and general management.

Mr. Perwez is very active in the textile community to date and has represented the Company in various associations & forums over the years. He has very strong interpersonal & communication skills and is actively involved in philanthropic activities.

#### **Other Directorships**

The Patient's Behbud's Society for AKUH  
Friendship Dairies (Pvt.) Ltd  
M&N Impex (Pvt.) Ltd

#### **Mr. Anas Rahman**

Non-Executive Director

Mr. Anas Rahman has more than 20 years of experience in the textile sector. He has worked in different capacities such as Director Marketing, Chief Executive Officer and Vice Chairman for Feroze1888 Mills Limited. As a visionary and strategic thinker, he has good leadership skills and has led teams effectively and successfully. Mr. Anas Rahman is currently involved in diversifying his family business profile by selecting and evaluating different businesses. He completed his M.B.A. in Marketing from Institute of Business Management Karachi.

#### **Other Directorships**

Friendship Dairies (Pvt.) Ltd  
Johanmacia Pharmaceuticals (Pvt.) Ltd  
Premier 1888 Mills  
Dost-e-Zeest Foundation  
Frieden Management (Pvt.) Ltd  
Crafters Polypropylene Packages (Pvt.) Limited

#### **Mr. Zain Ashraf Mukaty**

Non-Executive Director

Mr. Zain Ashraf Mukaty graduated from the University of Pennsylvania, with a dual degree in Economics and Engineering as part of the exclusive Management and Technology Program. He worked at Cornerstone Research in New York as a Financial Litigation Consultant before moving back to Pakistan.

Zain has been an integral part of the new venture development team at Liberty Group. He has a multifaceted role and is involved in various new projects that diversified Liberty Group portfolio. He is leading the development of two 50 MW wind power projects, Liberty Wind Power 1 & 2, as the Executive Director. He is also the Director of Pakistan Aluminum Beverage Can Limited playing an active role in its strategy and growth.

In addition, Zain is the Chief Executive Officer at Oncogen Pharma (Private) Limited, developing the first cancer drugs manufacturing facility in Pakistan. His key role in the company is highly enterprising, focusing on successful project execution, technology transfer and system development.

#### **Other Directorships**

Liberty Mills Limited  
Pakistan Aluminum Beverage Cans Ltd  
Oncogen Pharma (Pvt.) Ltd

#### **Ms. Huma Pasha**

Independent Director

Ms. Huma is currently serving as the Senior Partner at Usmani & Co. and brings with her over 35 years of local and international working experience with various national and global institutions including Citibank, Hub Power Company and Dawood Hercules group in several management capacities. Besides this, she is a professional trainer and has been carrying out workshops,

seminars and conferences at various reputable institutions. She is highly passionate for training services and more frequently indulge herself in various trainings on Directors training, Board performance evaluation, risk based internal audit including role of Internal Audit in connection with Ethics and Fraud, and sustainable business propositions etc.

Huma has served on the Audit Committee of the State Bank of Pakistan Banking Services Corporation and carried out quality assurance review of State Bank of Pakistan's Internal Audit and Compliance Department. She has also served on the Quality Assurance Board of ICAP and several of their Committees and was highly active with the Institute of Internal Auditors Global and Institute of Internal Auditors International Board. She was the first Chairperson of the Chartered Accountants Woman's Forum of ICAP.

She is a Chartered Accountant by profession and has obtained various certifications including Certification in Risk Management Assurance; Internal Controls and Internal Audit.

#### **Other Directorships**

Hi-Tech Alloy Wheels Ltd  
UBL Fund Manager Ltd  
Medical Aid Foundation  
Path Education Society

#### **Ms. Aminah Zahid Zaheer**

Independent Director

Ms. Aminah is currently employed as the Managing Director of Zahid Zaheer & Associates, a multi-disciplinary, reputable well-established management consultancy firm based in Karachi. Ms. Aminah has over 25 years of diverse working experience with some of the world's largest FMCG firms – namely Unilever, Johnson Wax, Johnson & Johnson, L'Oreal SA and The Body Shop. Aminah has acquired over 15 years of Boardroom experience and has served on diverse boards both in the private and public sector.

Ms. Aminah is a specialist in the areas of Business Start Ups, Acquisitions, Mergers & Joint Ventures, Restructuring & Integration, Corporate Strategy and Brand Creation. Aminah has had an exposure to a cross section of industries within Pakistan and Asia Pacific, including Pharmaceuticals, Home Cleaning, Health and Personal Care, Cosmetics and Beauty. She has lived and worked in multiple geographies within Asia Pacific, including China, Australia and, most recently, in Singapore.

Ms. Aminah completed Masters in Business Administration from The Institute of Business Administration (IBA) Karachi in 1990 with majors in Finance. She has also completed innumerable training courses with INSEAD in France and with The Johnson Learning Institute and Cornell University in USA.

#### **Other Directors Ahips**

Orix Leasing Pakistan Limited  
Al Baraka Bank (Pakistan)

#### **Mr. Rehan Rahman**

Chief Executive

Mr. Rehan Rahman was appointed Chief Executive Officer of Feroze1888 Mills in April 2016 and upon completion of his first term as CEO - was re-appointed for the second term effective April 2019. He brings with him an extensive and cross functional hands on experience of over 20 years in Feroze1888 and legacy companies.

Mr. Rahman played an instrumental role in the integration process after the acquisition of Nakshbandi Industries Limited (NBIL) in 2010. He was also appointed as CEO of NBIL and transformed a deteriorating unit into a gradually performing unit.

As Chief Executive Officer, Rehan leads Feroze1888 Mills in its purpose: “Weaving a Better World” with a commitment to drive the organization forward with his progressive mindset. In various roles within the Company, he has consistently been focusing on driving high quality & disciplined execution and building strong teams.

During his tenure as a CEO of Feroze1888 Mills since April 2016, the Company has achieved many milestones; from highest ever sales revenue and profitability, capacity enhancements, HR development programs - to winning multiple customer and sustainability awards, locally and internationally.

Besides focus on business, the cause of the wider community is central to his vision. Over the years, he has led the Company to participate in various charitable activities and steered the Company and the employees too, to contribute to the society at large.

**Other Directorships**

Premier 1888 Ltd

Extract of Resolution passing the right issue.

**Extracts of the Resolutions passed by the Board of Directors of Feroze1888 Mills Limited (the "Company") at its meeting held on Friday, 29 October 2021 at K&N Centre, 160, Shahrah-e-Faisal, Karachi / Video Link.**

**RESOLVED THAT** the ordinary paid up share capital of the Company be increased from Rs. 3,768,009,680/- (Pak Rupees Three Billion Seven Hundred Sixty Eight Million Nine Thousand Six Hundred Eighty) to Rs. 3,994,090,260/- (Pak Rupees Three Billion Nine Hundred Ninety Four Million Ninety Thousand Two Hundred Sixty), by issue of further 22,608,058 (Twenty Two Million Six Hundred Eight Thousand Fifty Eight) ordinary shares of the Company of Rs. 10 (Pak Rupees Ten) each, to be offered to the shareholders of the Company in proportion to the number of shares held by each shareholder (i.e. as right shares) in accordance with the provisions of Section 83 of the Companies Act, 2017 and all applicable laws, at a price of Rs. 70 (Pak Rupees Seventy) per share (i.e. inclusive of a premium of Rs.60 (Pak Rupees Sixty) per share), in the ratio of 6 right shares for every 100 existing ordinary shares of Rs. 10 each held (i.e. 6%), against payment to the Company of the price of the shares subscribed, which shares shall rank *pari passu* in all respects with the existing ordinary shares of the Company (the "Right Issue").

**FURTHER RESOLVED THAT** the following are the quantum, size, price and purpose of the Right Issue, along with the utilization of proceeds, benefits of the same to the Company and the shareholders of the Company, the risk factors associated with the Right Issue, and the justification for the issue of shares at premium, in accordance with Regulation 3(1) (iii) of the Companies (Further Issue of Shares) Regulations, 2020:

**a) Quantum of the Right Issue (i.e. as a percentage of existing paid up capital)**

The quantum of the Right Issue is 6% of the existing paid-up capital of the Company i.e. 6 right shares for every 100 ordinary shares held by the shareholders of the Company.

**b) Right Issue Size**

The Company shall issue 22,608,058 (Twenty Two Million Six Hundred Eight Thousand Fifty Eight) ordinary shares, at a price of Rs. 70 (Pak Rupees Seventy) per share, aggregating to Rs. 1,582,564,060 (Pak Rupees One Billion Five Hundred Eighty Two Million Five Hundred Sixty Four Thousand Sixty).

**c) Right Issue Price**

Rs. 70 per share (inclusive of a premium of Rs. 60 (Pak Rupees Sixty per share)).

**d) Purpose of the Right Issue**

The Company intends to utilize the amounts raised through the Right Issue for, *inter alia* building infrastructure for ongoing capacity enhancement project.

**e) Utilization of Proceeds of the Right Issue**

The funds generated from the Right Issue will be utilized as mentioned above.

**f) Benefits to the Company and its Shareholders**

In addition to increase in equity base, the subscription amount from the Right Issue will enable the Company to implement its business plan with the objective to increase the Company's profitability.

**g) Risk Factors associated with the Right Issue, if any**

The Right Issue of the Company is being made at a price which is less than current share price in the market and hence there is no major investment risk associated with the Right Issue. Normal risks associated with the business will remain, however, the Company believes that it is well placed in the market which will help to mitigate such risk factors.

**h) Justification for issue of shares at premium**

Considering the current market price of the Company, the premium charged over the par value is justified and is also in line with the prevailing market practice (27% discount on last three months average trading share price).

**FURTHER RESOLVED THAT** the letter of offer may be issued / signed by any 2 directors of the Company in compliance with the applicable laws.

**FURTHER RESOLVED THAT** all fractional entitlements, if any, will be consolidated in the name of the Company Secretary (under trust) and unpaid letters of right in respect thereof shall be sold on the Pakistan Stock Exchange Limited, the net proceeds from which sale, once realized, shall be distributed / paid to the entitled shareholders in accordance with their respective entitlements as per applicable regulations.

**FURTHER RESOLVED THAT** that any unsubscribed shares may be offered and allotted to such persons as the directors may deem fit in accordance with Section 83(1)(a)(iv) of the Companies Act, 2017, including the sponsors/substantial shareholders, directors or associated undertaking of the Company or any third party, before calling upon the underwriters to subscribe to any unsubscribed shares.

**FURTHER RESOLVED THAT** the Chief Executive and Company Secretary of the Company, be and is hereby singly authorized to decide and announce the closure of share transfer books of the Company to determine entitlements of the shareholders of the Company with respect to the Right Issue.

**FURTHER RESOLVED THAT** the Chief Executive of the Company and/or the Company Secretary be and are hereby severally authorized, such that any one of them may do all or any of the following for and on behalf, and in the name, of the Company:

- (i)** appoint / negotiate with consultants / advisors / auditors and underwriter(s) to the Right Issue, to finalize terms and conditions and sign underwriting agreements(s), other documents and settle / finalize fees, underwriting commission, take up commission and third party expenses and / or any other expenses relating to the Right Issue;
- (ii)** to prepare the schedule for issue of right shares including date of payment, and to make any amendment in the said schedule, appointment of banker(s) to the issue, announce book closure dates, and to take all necessary actions, in respect of the Right Issue and ancillary matters thereto, as required by the Securities and Exchange Commission of Pakistan ("SECP") / Pakistan Stock Exchange Limited ("PSX") / Central Depository Company of Pakistan Limited ("CDC") (including, but not limited to, induction of the offer for right shares in the Central Depository System of the CDC) or any other authority;
- (iii)** to open, maintain, operate and close bank accounts for the purpose of amounts received from subscription of right shares;
- (iv)** to allot / credit right shares (once allotted by the Board of Directors) and file returns as required by SECP / PSX / CDC along with the auditors' certificates; and

- (v) to take all other necessary steps, and do all other acts, deeds and things, to prepare the offer letter, circular and schedule for issue of right shares and any other documents and to make any amendment in the said documents and schedule and to take all necessary action as may be required in this regard including execution of any documents and agreements or any ancillary or incidental actions to give effect to the above resolutions.

**Certified that the above mentioned is a true and valid extract from the meeting of the Board of Directors of Feroze1888 Mills Limited held on Friday, 29 October 2021.**

**For Feroze1888 Mills Limited**



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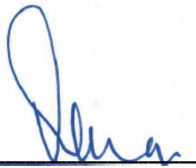
**Mudassir Moten**  
**Company Secretary**

**Certificate of Chief Executive Officer and Chief Financial Officer that the circular constitutes full and true disclosure of all material facts relating to the right and the company will provide copies of financial statements on demand.**

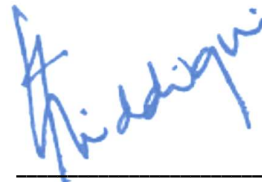
**Certificate by Chief Executive Officer and Chief Financial Officer**

We hereby certify that the attached Schedule 3 under the Companies (Further Issue of Shares) Regulations, 2020 constitutes full and true disclosure of all material facts relating to the Right Issue and the Company will provide copies of financial statements on demand.

**For Feroze1888 Mills Limited**



**Rehan Rahman  
Chief Executive**



**Javeria Siddiqui  
Chief Financial Officer**

Dated: 07 December 2021