



**FAZAL CLOTH MILLS LIMITED**  
**NOTICE OF EXTRA ORDINARY GENERAL MEETING**

Notice is hereby given that an Extra Ordinary General Meeting of the Shareholders of the Company, **M/S. FAZAL CLOTH MILLS LIMITED (the "Company")** will be held on **June 23, 2015 at 10:30 a.m.** at 129/1, Old Bahawalpur Road, Multan to transact the following business:

**ORDINARY BUSINESS**

1. To confirm the minutes of the last Annual General Meeting of the Company dated October 31, 2014.

**SPECIAL BUSINESS**

2. To consider making investment in "**Fatima Transmission Company Limited**" and "**Pakarab Energy Limited**", Associated Undertakings under Section 208 of the Companies Ordinance, 1984 and seek approval from the shareholders and if thought fit to pass the following resolutions as Special Resolutions with or without modifications:
  - a) "**RESOLVED THAT** an equity investment up to Rs.70,000,000/- (Pak Rupees Seventy Million Only) be and is hereby made in "Fatima Transmission Company Limited", an Associated Undertaking by way of acquisition of equivalent amount of Ordinary Shares of Rs.10/- each representing 37.50% of the total equity of the Associated Undertaking and making payments either partially or lump-sum to the Associated Undertaking, as determined by the Board of Directors".
  - b) "**FURTHER RESOLVED THAT** the investment in "Fatima Transmission Company Limited", an Associated Undertaking be made in piecemeal within a period of two years from the date of passing the resolution ending on March 31, 2017 and markup to be charged by the Company under the provisions of Section 208 of the Companies Ordinance, 1984 till the date shares of the Associated Undertaking are issued to the Company".
  - c) "**FURTHER RESOLVED THAT** an equity investment upto Rs.3,000,000,000/- (Pak Rupees Three Billion Only) be and is hereby made in "Pakarab Energy Limited", an Associated Undertaking by way of acquisition of equivalent amount of Ordinary Shares of Rs.10/- each representing 24% of the total equity of the Associated Undertaking and making payments either partially or lump-sum to the Associated Undertaking, as determined by the Board of Directors".
  - d) "**FURTHER RESOLVED THAT** the investment in "Pakarab Energy Limited", an Associated Undertaking be made in piecemeal within a period of three years from the date of passing the resolution ending on March 31, 2018 and markup to be charged by the Company under the provisions of Section 208 of the Companies Ordinance, 1984 till the date shares of Associated Undertaking are issued to the Company".
3. To consider making disinvestment of 25,790,610 Ordinary Shares of "**Pakarab Fertilizers Limited** an Associated Undertaking and seek approval from the shareholders and if thought fit to pass the following resolution as an Ordinary Resolution with or without modifications:
  - a. "**RESOLVED THAT** a disinvestment of 25,790,610 Ordinary Shares of "Pakarab Fertilizers Limited", an Associated Undertaking, by way of sale of shares to any one deemed appropriate by the Chief Executive Officer of the Company".
  - b. "**FURTHER RESOLVED THAT** Sheikh Naseem Ahmad, Chief Executive Officer of the Company be and is hereby fully authorized and empowered to sell above noted shares of "Pakarab Fertilizers Limited", an Associated Undertaking at such price and on such terms as he deems appropriate and reasonable in the best interest of the Company".
4. "**RESOLVED THAT** all the legal formalities required under the provisions of the Companies Ordinance, 1984 and other applicable laws for the purpose of giving effect to the foregoing shall be complied with in above regards and for such purpose Chief Executive Officer and/or Company Secretary of the Company be and are hereby authorized singly to take all necessary actions and to file returns/forms prescribed under the law regarding Special Resolutions with the Securities and Exchange Commission of Pakistan".
5. Any other business with the permission of the Chairman.

**BY ORDER OF THE BOARD**

Sd/-

**(ASAD MUSTAFA)**  
Company Secretary

Multan.

Dated: June 1, 2015

**NOTES.**

- I. The Share Transfer Books of the Company will remain closed from June 17, 2015 to June 23, 2015 (both days inclusive).
- II. A member entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote instead of him/her. A corporate body being a member of the Company may appoint its proxy either under its seal or under the hand of any officer or attorney duly authorized. The instrument of appointing proxy must be deposited at the Company's Shares Office at 129/1, Old Bahawalpur Road, Multan not later than 48 hours before the time of meeting.
- III. CDC Account holders will further have to follow the under mentioned guidelines as laid down by the Securities & Exchange Commission of Pakistan:-
  - a. **For attending the meeting**  
In case of individuals, the account holders or sub-account holders whose registration details are uploaded as per regulations shall authenticate their identity by showing their original Computerized National Identity Cards (CNICs) or original Passport at the time of attending the meeting. In case of corporate entities, the Board of Directors' resolution/power of attorney with specimen signature of the nominees shall be produced (unless it has been provided earlier) at the time of the meeting.

**b. For appointing proxies**

- In case of individuals, the account holders or sub-account holders whose registration details are uploaded as per regulations shall submit the proxy form as per the above requirements.
- The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- The proxies shall produce their original CNIC or original passport at the time of meeting.
- In case of corporate entities, the Board of Directors' resolution/power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity, shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

**c. Submission of Copies of CNIC:**

It is hereby reiterated that the Securities and Exchange Commission of Pakistan ("SECP") vide S.R.O. 779(1)/2011 dated August 18, 2011 and notification S.R.O. 831 (a)/2012 dated July 05, 2012 has directed all the listed companies to issue dividend warrant only crossed as "A/C Payee Only" and ensure that the dividend Warrant should bear the Computerized National Identity Card (CNIC) Numbers of the registered members except in the case of minor(s) and corporate shareholder(s). All those shareholders (holding Physical Shares) who have not submitted their valid CNICs are requested to send a photocopy of their valid CNIC /NTN along with the Folio number(s) to the company's share registrar. In case of non-availability of a valid copy of the CNIC in the records of the company, the company will be constrained to withhold the dividend warrant in terms of section 251(2)(a) of the companies ordinance 1984, which will be released by the Shares Registrar only upon compliance with the aforesaid notifications.

IV. Shareholders are requested to promptly notify any change in their addresses.

**STATEMENT UNDER SECTION 160 (1) (b) OF THE COMPANIES ORDINANCE, 1984-REGARDING THE SPECIAL BUSINESS: (regarding Para No. 2 above)**

- a. The Board of Directors of the Company ("the Board") in their Meeting held on April 28, 2015 have decided to make equity investments in the following Associated Undertakings subject to the approval by the shareholders in the forthcoming Extra Ordinary General Meeting of the Company. The Board has also recommended that markup to be charged till the date shares of respective Associated Undertakings are issued to the Company. The proposed following equity investments shall comply with the requirements of Section 208 of the Companies Ordinance, 1984 and Notification SRO #27(1)/2012 dated January 16,2012:
- Equity investment approximately up-to Rs.70,000,000/- (Pak Rupees Seventy Million Only) in "Fatima Transmission Company Limited", an Associated Undertaking by way of acquisition of equivalent amount of Ordinary Shares of Rs.10/- each representing 37.50% of the total equity of the Associated Undertaking.
  - Equity investment approximately up-to Rs.3,000,000,000/- (Pak Rupees Three Billion Only) in "Pakarab Energy Limited", an Associated Undertaking by way of acquisition of equivalent amount of Ordinary Shares of Rs.10/- each representing 24% of the total equity of the Associated Undertaking.
- b. The Board further recommended that the 25,790,610 Ordinary Shares of "Pakarab Fertilizers Limited", an Associated Undertaking, which is held as investment by the Company, be and are hereby sold in order to meet the financial requirements of the Company and for such purpose Sheikh Naseem Ahmed, Chief Executive Officer of the Company be and is hereby fully authorized and empowered to sell these shares of the Associated Undertaking at such price and on such terms as he deems appropriate and reasonable in the best interest of the Company. The proposed disinvestment of these shares shall also comply with the provisions of Section 196(3a) of the Companies Ordinance, 1984.

The Statement pursuant to clause (b) of sub-section (1) of Section 160 of the Companies Ordinance, 1984 regarding "Fatima Transmission Company Limited" and "Pakarab Energy Limited", Associated Undertakings contains the following information:

1	Name of the Company	<b>Fatima Transmission Company Limited ("FTCL")</b>	<b>Pakarab Energy Limited ("PEL")</b>
2	Nature, Amount & Extent of the Investment.	Equity investment up-to Rs.70,000,000/- in FTCL by way of acquisition of equivalent amount of Ordinary Shares of Rs.10/- each of FTCL representing 37.50% of total equity of FTCL which will set up a special purpose transmission line and will charge use of system charge (wheeling charges) against use of transmission line for transmission of power.	Equity investment up-to Rs. 3,000,000,000/- in PEL by way of acquisition of equivalent amount of Ordinary Shares of Rs.10/- each of PEL representing 24% of total equity of PEL which will set up a 430 Mega Watt LNG fired power plant.

3	Average Market price of the shares	The company is unlisted. Therefore, market price of share is not applicable.	The company is unlisted. Therefore, market price of share is not applicable.
4	Breakup value of shares on the basis of last published financial statements.	Break-up value of shares is PKR 10/share.	Break-up value of shares is PKR 10/share.
5	Price at which the Shares will be purchased.	At face value i.e. Rs.10/- per share.	At face value i.e. Rs.10/- per share.
6	Purchase price ceiling	Face value of shares	Face value of shares
7	Benchmark for calculating purchase price of Shares	Not Applicable	Not Applicable
8	Earnings per share of the Investee company for the last 3 years	The company has not yet commenced its operations.	The company has not yet commenced its operations.
9	Source of funds/finance	Retained earnings and internal cash generations of the Company.	Retained earnings and internal cash generations of the Company.
10	Purpose of investment	To enable the investee company to meet its project financing for setting up a special purpose transmission line /to earn dividend.	To enable the investee company meet its project financing to set up a 430 Mega Watt LNG fired power plant/ to earn dividend.
11	Benefit likely to accrue to the Company and the shareholders from the proposed investment	The Company will receive electricity supply at its plants through this transmission line from Fatima Energy Limited (FEL) which is also an Associated Undertaking of the Company. Company will also earn dividends from investee company.	Company will earn dividends from the investee company.
12	Investment of directors or relatives in the Investee company	Following directors of the Company and their relatives each hold one share in investee company: Mr. Fazal Ahmad Sheikh Mr. Fawad Ahmad Mukhtar Mr. RehmanNaseem	Following directors of the Company and their relatives each hold one share in investee company: Mr. Fazal Ahmad Sheikh Mr. Fawad Ahmad Mukhtar
13	The brief about the financial positions.	Since the investee company is incorporated just on 26 <sup>th</sup> December 2014, hence no financial statements have been published as yet.	Since the investee company is incorporated just on 18 <sup>th</sup> November, 2014, hence no financial statements have been published as yet.

The proposed investment in “**Fatima Transmission Company Limited**” and “**Pakarab Energy Limited**”, Associated Undertakings shall contain the following further disclosure in accordance with the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012 (the “Regulations”):

(i)	Name of the Company	<b>Fatima Transmission Company Limited (“FTCL”)</b> , an Associated Undertaking based on common directorship.	<b>Pakarab Energy Limited (“PEL”)</b> , an Associated Undertaking based on common directorship.
(ii)	Purpose, benefit of investment	To facilitate the investee company for setting up and operate a special purpose transmission line for supply/transmission of electricity to associated & group companies including the Company. Main benefit of such investment to the Company is to ensure the uninterrupted supply of electricity to the Company enabling to smoothly running of its full production capacity and operations. This will also boost profitability of the investing Company as currently the Company is using alternative power generation sources which are expensive and bearing frequent electricity load shedding. On the other hand WAPDA is already suffering from approximately 4,000Mega Watt shortfalls of electricity. Therefore, the management of the Company initiated such steps to avoid enslavement on WAPDA. Company will also earn dividends from this investment.	To support the Government in resolving power shortage issues by setting up a 430 Mega Watt LNG fired power plant in the Punjab in 24 to 36 months on fast track basis. PEL is expected to adopt upfront LNG tariff with IRR of 17%, as recently announced by NEPRA, which is considered good return for such type of project.  The Company will earn dividends on this investment in PEL.  Further Company will charge mark up to investee company for the interim period till the date the shares are issued to the Company.
	Period of investment	Within the period of two years ending on March 31, 2017.	Within the period of three years ending on March 31, 2018.
(iii)	Maximum amount of investment	Equity investment upto the sum of Rs 70.00 million.	Equity investment upto the sum of Rs.3,000 million.
(iv)	Maximum price at which securities / shares will be acquired	At face value i.e. Rs.10/-per share.	At face value i.e. Rs.10/- per share.
(v)	Maximum number of securities / shares to be acquired	Maximum upto 7,000,000/-shares	Maximum upto 300,000,000 /- shares
(vi)	Number of securities / shares and percentage thereof held before and after proposed investment	a) Number of shares held before proposed investment is NIL hence, NIL holding percentage in equity of FTCL.  b) After proposed investment number of shares will be 7,000,000/- representing 37.5% equity fo FTCL.	a) Number of shares held before proposed investment is NIL hence, NIL holding percentage in equity of PEL.  b) After proposed investment number of shares will be 300,000,000/- representing 24% equity of PEL.
(vii)	In case of investment in listed securities/shares, average of the preceding twelve weekly average price of the security/shares intended to be acquired;	FTCL is an unlisted company. Therefore, market price of its share is not applicable/available.	PEL is an unlisted company. Therefore, market price of its share is not applicable/available.

(viii)	In case of investment in unlisted securities, fair market value of such securities determined in terms of regulation 6 (1)	The Company was incorporated just on 26 <sup>th</sup> December, 2014. No financial statements have been prepared yet as assets and liabilities do not exist. Therefore value of its share can not be determined under clause 6(1) of the Regulations.	The Company was incorporated just on 18 <sup>th</sup> November, 2014. No financial statements have been prepared yet as assets and liabilities do not exist. Therefore value of its share can not be determined under clause 6(1) of the regulations.
(ix)	Break-up value securities intended to be acquired on the basis of the latest audited financial statements	Break-up value of shares is PKR 10.00 per share.	Break-up value of shares is PKR 10.00 per share.
(x)	Earnings per share of the associated company or associated undertaking for the last three years	The company has not yet commenced its operations.	The company has not yet commenced its operations.
(xi)	Source of funds from which securities will be acquired	Retained earnings and internal cash generations of the Company.	Retained earnings and internal cash generations of the Company.
(xii)	Where the securities are intended to be acquired using borrowed fund	Not Applicable	Not Applicable
(xiii)	Salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with this regard to the proposed investment	Agreement may be entered after approval from shareholders.	Agreement may be entered after approval from shareholders.
(xiv)	Direct or indirect interest of the directors, sponsor, majority shareholders and their relatives, in the associated company	The Directors have no special interest in the investment except their personal shareholding.	The Directors have no special interest in the investment except their personal shareholding.
(xv)	Any other important details necessary for the members to understand the transaction; and	NIL	NIL
	In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information, is required, namely;		

(I)	Description of project and its history since conceptualization	Fazal Cloth Mills Limited (“FCML”), Fatima Holding Company Limited (“FHCL”) and Reliance Weaving Mills Limited (“RWML”) (collectively the “Sponsors”) are the associated and group companies of the Company, and have established FTCL which will set up and operate a special purpose transmission line for supply/transmission of electricity to associated & group companies as well including the FCML and it will charge use of system charges (wheeling charges) against use of transmission line for transmission of power. This will also boost profitability of the FCML as currently the Company is using alternative power generation sources which are expensive and bearing frequent electricity load shedding which is affecting the production. On the other hand WAPDA is already suffering from approximately 4,000 Mega Watt shortfalls of electricity. Therefore, management of Fatima Group initiated such steps to avoid enslavement on WAPDA.	Fazal Cloth Mills Limited (“FCML”), Fatima Holding Company Limited (“FHCL”) and Fatima Fertilizer Company Limited (“FFCL”) (collectively the “Sponsors”) are the associated and group companies of the Company, have planned to set up a 430 MW LNG fired power plant (“the Project”) in the Punjab in 24 to 36 months on fast track basis. Fatima Group once again reiterated its commitment to support the Government in resolving power shortage issues and stepped ahead with this project. PEL is expected to adopt upfront LNG tariff with IRR of 17%, as recently announced by NEPRA, which is considered good return for such type of project.
(II)	Starting and expected dates of completion of work	Construction starting date: June , 2015. Expected completion date: June 30, 2017.	Construction starting date: December, 2015. Expected Completion date: June 30, 2018.
(III)	Time by which such project shall become commercially operational; and	Tentative Commercial Operation Date: June, 2017.	Tentative Commercial Operation Date: June, 2018.
(IV)	Time by which the project shall start paying return on investment	Tentatively June, 2017.	Tentatively June, 2018.

The directors have carried out their due diligence for the proposed investment and due diligence report shall be available for inspection of members in the general meeting. As the companies have just been incorporated, their audited accounts are not available.

**STATEMENT UNDER SECTION 160(1)(b) OF THE COMPANIES ORDINANCE, 1984 REGARDING THE SPECIAL BUSINESS PERTAINS TO DISINVESTMENT OF EQUITY IN PAKARAB FERTILIZERS LIMITED:** (regarding Para No. 3 above)

<b>(i)</b>	<b>Detail of assets to be disposed of;</b>	
	A- Description	25,790,610 Ordinary Shares of “Pak arab Fertilizers Limited”, an Associated Undertaking which is currently owned as investment by the Company.
	B- Cost	Rs. 252,966,706 comprising of 25,790,610 shares @ Rs 9.80 each
	C- Revalued Amount	N/A
	D- Book value	Rs. 252,966,706 comprising of 25,790,610 shares @ Rs 9.80 each
	E-Approximate current market price/fair value	Rs.335,277,930 comprising of 25,790,610 shares @ Rs 13.00 each
<b>(ii)</b>	<b>The proposed manner of disposal of the said assets.</b>	Sheikh Naseem Ahmed, Chief Executive Officer of the Company be and is hereby fully authorized and empowered by the Board of Directors to sell these shares of the Associated Undertaking at such price and on such terms as he deemed appropriate and reasonable in the best interest of the Company.
<b>(iii)</b>	<b>Reason for the sale, lease or disposal of assets and the benefits expected to accrue to the shareholders there from.</b>	To raise finance for meeting the financial requirements of the Company. Expectedly this will generate revenue resulting increase in retained earnings of the Company which may be used later on for distribution to the shareholders, if would require so.

**BY ORDER OF THE BOARD**