



FAZAL CLOTH MILLS LIMITED



Registration No. 9903492

FCML/1503/G/ 379-388

October 09, 2015.

The General Manager,
Karachi Stock Exchange Limited,
Stock Exchange Building,
Stock Exchange Road,
KARACHI.

Sub: NOTICE OF ANNUAL GENERAL MEETING

Dear Sir,

Enclosed please find herewith a copy of the Notice of Annual General Meeting of the Company to be held on Saturday, the October 31, 2015 at 11:00 a.m. at 129/1, OLD BAHAWALPUR ROAD, MULTAN for circulation amongst your members.

Regards,

Yours Sincerely,

Asad Mustafa

Company Secretary

Encl: As Above.

CC to:

The Secretary Lahore Stock Exchange Limited, Lahore along-with notice of meeting for distribution amongst your members.

Registered Office: 69/7, Abid Majeed Road, Survey # 248/7, Lahore Cantt, Lahore. Ph: +92 042-36684909
Mills: Fazal Nagar, Jhang Road, Muzaffargarh, Pakistan. Ph: +92 662-422216, 422218, Fax +92 0662 422217
Mills: 20KM, Qadirpur Rawan By Pass, Khanewal Road, Multan. Ph +92 061 6740041-3, Fax +92 061-6740052
Shares Deptt/Head Office: 129/1, Old Bahawalpur Road, Near Faisal Bank, Multan. Ph +92 061 4579001-7, 4587632, 4781637, Fax: +92 061-4583425, 4541832
E-mail: kanwar@fazalcloth.com, corporate@fazalcloth.com



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Registration No. 9903492



NOTICE OF MEETING

Notice is hereby given that the 50th Annual General Meeting of the Shareholders of the Company M/S. FAZAL CLOTH MILLS LIMITED will be held on Saturday, October 31, 2015 at 11:00 a.m. at 129/1, Old Bahawalpur Road, Multan to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the last Extra Ordinary General Meeting of the Company held on June 23, 2015.
2. To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 2015 together with the Auditors' and Director's Report thereon.
3. To consider and approve payment of final Cash Dividend for the year ended June 30, 2015 at the rate of Rs.5.00 (Rupees Five Only) per Ordinary Share of Rs.10.00 each (2014: Rs. 2.50) as recommended by the Board of Directors.
4. To appoint External Auditors of the Company for the Financial Year Ending **June 30, 2016** and fix their remuneration. M/s. KPMG Taseer Hadi & CO., Chartered Accountants, Lahore, External Auditors of the Company retires and being eligible to offer themselves for re-appointment.
5. To Resolve to consider/recommend a loan and/or equity investment for the additional amount up-to Rs. 300,000,000/- (Pak Rupees Three Hundred Million Only) in addition to the already approved amount of equity investment of Rs.70,000,000/- (Pak Rupees Seventy Million Only) in "Fatima Transmission Company Limited", an Associated Undertaking at mark up chargeable in terms of clause 208 of the Companies Ordinance, 1984. Above additional amount of loan and/or equity investment shall comply with the requirements of Section 208 of the Companies Ordinance, 1984".
6. To transact any other business with the permission of the Chairman.

BY ORDER OF THE BOARD

MULTAN.

October 09, 2015.

(Asad Mustafa)
Company Secretary

NOTES:

1. The Share Transfer Books of the Company will remain closed from October 23, 2015 to October 31, 2015 (both days inclusive). Physical transfers / CDS Transaction IDs received at the Company's Share Registrar, M/s. Vision Consulting Ltd, 3-C, LDA Flats, Lawrence Road, Lahore, at the close of business on October 22, 2015 will be considered in time for the purpose of above entitlement and to determine voting rights of the shareholders for attending the meeting.
2. A member eligible to attend, speak and vote at this meeting may appoint another member as his/her proxy and CDC shareholders shall attach an attested copy of his/her Computerized National Identity Card (CNIC) / Passport. Proxies, in order to be effective, must reach at the Company's Registered Office not later than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed. Representatives of corporate members should bring the usual documents required for such purpose.

(Contd....P/2)

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Registration No. 9903492

3. The Members, who desire for receiving the audited financial statements and AGM Notice through e-mail, are requested to send their written consent on a Standard Request Form available on website <www.fazalcloth.com> in order to avail this facility.
4. Shareholders are requested to notify / submit the following information & documents, in case of book entry securities in CDS to their respective CDS participants and in case of physical shares to our Share Registrar, if not earlier provided / notified:-
 - a. Change in their addresses;
 - b. Dividend mandate information i.e. Title of Bank Account, Bank Account No., Bank's Name, Branch Address and Cell / Landline No(s). of the Transferee(s) towards direct dispatch of cash dividend cheque(s) to their bankers;
 - c. Valid and legible copies of CNIC for printing of CNIC number(s) on their Dividend Warrant(s) as required vide SRO 831 (I)/2012 dated July 05, 2012. In case of non-submission of valid & legible copy of CNIC, the Company will be constrained to withhold the Dividend Warrant(s) under Section 251(2) of the Companies Ordinance, 1984;
 - d. Valid and legible copies of National Tax Number (NTN) or NTN Certificate(s) of corporate entities and must quote the company name and their respective folio numbers thereon while sending the copies;
 - e. Pursuant to requirement of the Finance Act, 2015 effective July 01, 2015, the 'Filer' & 'Non-Filer' shareholders will pay tax on dividend income @12.5% and 17.5% respectively. Therefore, please ensure that their name(s) have been entered into Active Taxpayers List (ATL) provided on website www.fbr.gov.pk of the Federal Board of Revenue (FBR), despite the fact that the shareholder is a filer, before the payment date of cash dividend i.e. **November 27, 2015**, otherwise tax on cash dividend will be deducted @17.5% instead of 12.5%;
 - f. As per clarification of FBR, each holder is to be treated individually as either a 'Filer' or 'Non-Filer' and tax will be deducted on the basis of shareholding of each joint holder as may be notified by the shareholder, in writing within 10 days from entitlement date i.e. October 22, 2015 as follows, to our Share Registrar, or if no notification, each joint holder shall be assumed to have an equal number of shares.

Folio/CDCA/c #	Total Shares	Principal Shareholder		Joint Shareholder	
		Name & CNIC No.	Shareholding Proportion (No. of Shares)	Name & CNIC No.	Shareholding Proportion (No. of Shares)

- g. Related reference from law or valid tax exemption certificate issued by the concerned Commissioner of Inland Revenue is to be furnished to the Company / Share Registrar in order to avail tax exemption otherwise tax will be deducted under the provisions of laws.
- h. For any query / information, the shareholders may contact with the Company Secretary at the above Registered Office and / or Mr. Abdul Ghaffar Ghaffari of Share Registrar, Vision Consulting Ltd, 3-C, LDA Flats, Lawrence Road, Lahore, Ph. Nos. (042) 36283096-97.
- i. The audited financial statements for the year ended June 30, 2015 are available on website of the Company <www.fazalcloth.com>.

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FAZAL CLOTH MILLS LIMITED



Registration No. 9903492

- 3 -

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

1. Name of the Company

Fatima Transmission Company Limited ("FTCL")

2. Nature, Amount & Extent of the Investment.

Equity investment up-to Rs.300,000,000/- in FTCL in addition to already approved Rs. 70,000,000 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.

3. Average Market price of the shares

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.

5. Price at which the Shares will be purchased.

At face value i.e. Rs.10/- per share.

6. Purchase price ceiling

Face value of shares

7. Benchmark for calculating purchase price of Shares

Not Applicable

8. Earnings per share of the Investee company for the last 3 years

The company has not yet commenced its operations.

9. Source of funds/finance

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 is 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. The Company will also earn dividends from 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. Rehman Naseem

(Contd. . . . P/4)



FAZAL CLOTH MILLS LIMITED



Registration No. 9903492

- 4 -

13. The brief about the financial positions.

Based on Unaudited Financial Statements, as at June 30, 2015, total Assets are 84.5 million, total liabilities are 84.1 million. Loss after tax is Rs 12,933.

The proposed investment in "Fatima Transmission Company Limited", Associated Undertaking 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

Fatima Transmission Company Limited ("FTCL"), 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 4,000 Mega 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 in FTCL.

Period of investment

Within the period of two years ending on March 31, 2017.

iii. Maximum amount of investment

Equity investment upto the sum of Rs300.00 million.

iv. Maximum price at which securities / shares will be acquired

At face value i.e. Rs.10/- per share.

v. Maximum number of securities / shares to be acquired

Maximum upto 30,000,000/- shares

vi. Number of securities / shares and percentage thereof held before and after proposed investment

- Number of shares held before proposed investment is 13,125 hence, 37.5% holding percentage in equity of FTCL.
- After proposed investment number of shares will be 37,000,000/- representing 37.5% equity of FTCL.

(Contd. . . P/5)



FAZAL CLOTH MILLS LIMITED



Registration No. 9903492

- 5 -

- 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.
- 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 26th December, 2014. Audited financial statements have not been finalized yet therefore value of its share cannot 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.
- x. **Earnings per share of the associated company or associated undertaking for the last three years**
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.
- xii. **Where the securities are intended to be acquired using borrowed fund**
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.
- 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.
- xv. **Any other important details necessary for the members to understand the transaction; and**
NIL
- xvi. **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;**

(Contd . . . P/6)



FAZAL CLOTH MILLS LIMITED



Registration No. 9903492

- 6 -

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 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.

II. Starting and expected dates of completion of work

Construction starting date: June, 2015.

Expected completion date: June 30, 2017.

III. Time by which such project shall become commercially operational; and

Tentative Commercial Operation Date: June, 2017.

IV. Time by which the project shall start paying return on investment

Tentatively June, 2017.

IN CASE OF LOANS OR ADVANCES

The proposed investment in "Fatima Transmission Company Limited", Associated Undertaking 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 associated company or associated undertaking along-with criteria based on which the associated relationship is established;**
Fatima Transmission Company Limited ("FTCL"). The relationship is based on the common directors, namely;
Mr. Fazal Ahmad Sheikh
Mr. Fawad Ahmad Mukhtar
Mr. Rehman Naseem
- (ii) **amount of loans or advances;**
Rs. 300,000,000 in addition to already approved Rs. 70,000,000.
- (iii) **purpose of loans or advances and benefits likely to accrue to the investing company and its members from such loans or advances;**
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. The Company will also earn dividends from Investee Company.
- (iv) **in case any loan has already been granted to the said associated company or associated undertaking, the complete details thereof;**
N/A

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FAZAL CLOTH MILLS LIMITED



Registration No. 9903492

- 7 -

- (v) **financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements;**

Based on unaudited financial statements, as at June 30, 2015, total Assets are 84.5 million, total liabilities are 84.1 million. Loss after tax is Rs 12,933.

- (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;**

- (vii) KIBOR + 1% till the date the loan is repaid

- (viii) **rate of interest, mark up, profit, fees or commission etc. to be charged;**

The Company will earn markup KIBOR + 1% till the date the loan is repaid or shares issued against the loan.

- (ix) **sources of funds from where loans or advances will be given;**

The investment will be made from Retained earnings and internal cash generations of the Company.

- (x) **where loans or advances are being granted using borrowed funds,-**

- I. **justification for granting loan or advance out of borrowed funds;**

NA

- II. **detail of guarantees I assets pledged for obtaining such funds, if any; and**

NA

- III. **repayment schedules of borrowing of the investing company;**

NA

- IV. **particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any;**

NA

- (xi) **if the loans or advances carry conversion feature i.e. it is convertible into securities, this fact along with complete detail including conversion formula, circumstances in which the conversion may take place and the time when the conversion maybe exercisable;**

The loan amount may be converted to shares of Investee Company at the rate of par value of Rs.10/Share at the end of loan term.

- (xii) **repayment schedule and terms of loans or advances to be given to the investee company;**

Repayment Schedule and other major terms may be entered after approval from shareholders.

- (xiii) **salient feature of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment;**

Agreement may be entered after approval from shareholders.

(Contd . . . P/8)



FAZAL CLOTH MILLS LIMITED



Registration No. 9903492

- 8 -

(xiv) 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;

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

(xvi) in case of investment in 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. a description of the 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 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.

II. starting date and expected date of completion;

Construction starting date: June, 2015.
Expected completion date: June 30, 2017.

III. time by which such project shall become commercially operational;

Tentative Commercial Operation Date: June, 2017.

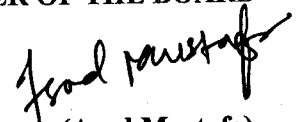
IV. expected return on total capital employed in the project; and

Rs 25 million approximately

V. funds invested or to be invested by the promoters distinguishing between cash and non-cash amounts;

The investment will be made on cash.

BY ORDER OF THE BOARD


(Asad Mustafa)
Company Secretary

MULTAN.
October 09, 2015.

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