



## FAZAL CLOTH MILLS LIMITED

### CORRIGENDUM TO THE NOTICE OF 50<sup>th</sup> ANNUAL GENERAL MEETING

In modification of the notice of Annual General Meeting dated October 09, 2015 (the notice) sent to members of the Company, kindly be informed that there was inadvertent error in the notice. We request you to read item No. 5 of the notice as;

5. To consider and if deemed appropriate, pass the following resolution with or without modification;

“Resolved that a loan of the amount up-to Rs. 300,000,000/- (Pak Rupees Three Hundred Million Only) be made to “Fatima Transmission Company Limited”, an Associated Undertaking at mark up chargeable in terms of clause 208 of the Companies Ordinance, 1984 and will be repayable with in one year from date of disbursal. Above amount of loan shall comply with the requirements of Section 208 of the Companies Ordinance, 1984”.

We further request you to accordingly consider the statement pursuant of section 160(1)(b) of the Companies Ordinance, 1984 pertains to equity investment be deleted/ withdrawn and statement pursuant of section 160(1)(b) of the Companies Ordinance, 1984 pertains to loans and advances be read as follows;

**The proposed loan to “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”) is Associated Undertaking based on common directorship.
- (ii) **amount of loans or advances;**  
upto Rs. 300,000,000 /-
- (iii) **purpose of loans or advances and benefits likely to accrue to the investing company and its members from such loans or advances;**  
To facilitate the Investee Company for development of transmission line in time. Further the Company will earn markup from Investee Company on such loan amount.
- (iv) **in case any loan has already been granted to the said associated company or associated undertaking, the complete details thereof;**  
N/A
- (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 latest unaudited financial statements, for year ended June 30, 2015, total Assets are Rs 84.5 million, total liabilities are Rs 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 fully 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 fully repaid.
- (ix) **sources of funds from where loans or advances will be given;**  
The loan will be made from 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;**  
N/A
  - II. **detail of guarantees I assets pledged for obtaining such funds, if any; and**  
N/A
  - III. **repayment schedules of borrowing of the investing company;**  
N/A

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

N/A

- (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 may be exercisable;**

The loan does not carry conversion feature.

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

The loan will be repayable within one year of its disbursement in lump sum amount or in tranches at any time at markup KIBOR + 1%. The loan is unsecured.

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

The loan will be repayable within one year of its disbursement in lump sum amount or in tranches at any time at markup KIBOR + 1%. The loan is unsecured.

- (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 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 companies 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 Sponsors initiated such steps to avoid enslavement on WAPDA.

The proposed loan will be made to Investee Company to facilitate it for development of transmission line in time. The original cost of the project is intact.

**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 loan will be made on cash basis.

This corrigendum should be read in conjunction with the notice and all other items of the notice shall remain unchanged.

**For Fazal Cloth Mills Limited**

Sd/-

(Asad Mustafa)

**Company Secretary**