



# FAZAL CLOTH MILLS LIMITED



Registration No. 9903492

FCML/1503/G/ 601

October 06, 2017..

The General Manager,  
Pakistan 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, October 28, 2017 at 11:00 a.m.** at E/110, Khayaban-e-Jinnah, LAHORE., for your perusal and necessary action please.

Yours sincerely,

**ASAD MUSTAFA**  
Company Secretary.

Encl: As Above.



# FAZAL CLOTH MILLS LIMITED



Registration No. 9903492

## NOTICE OF MEETING

Notice is hereby given that the **52<sup>nd</sup> Annual General Meeting** of the Shareholders of the Company M/S. FAZAL CLOTH MILLS LIMITED will be held on Saturday, October 28, 2017 at 11:00 a.m. at E/110, Khayaban-e-Jinnah, Lahore Cantt, Lahore to transact the following business:

### ORDINARY BUSINESS

1. To confirm the minutes of the last Extra Ordinary General Meeting of the Company held on May 30<sup>th</sup>, 2017.
2. To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 2017 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, 2017 at the rate of **Rs. 5.25** (Rupees **five** and Paise **twenty five** Only) per Ordinary Share of Rs.10.00 each (2016: 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, 2018** and fix their remuneration. M/s. KPMG Taseer Hadi & CO., Chartered Accountants, Lahore, External Auditors of the Company retires and being eligible offers themselves for re-appointment.
5. To transact any other business with the permission of the Chairman.

### SPECIAL BUSINESS

6. To consider making investment in "**Fatima Electric Company Limited**" (FECL) Associated Undertaking under Section 199 of the Companies Act, 2017 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/- (Pak Rupees Seventy Thousand Only) be and is hereby made in "**Fatima Electric Company Limited**", an Associated Undertaking by way of acquisition of equivalent amount of Ordinary Shares of Rs.10/- each representing 20% 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 upon investment in "**Fatima Electric Company Limited**", an Associated Undertaking markup to be charged by the Company under the Section 199 of the Companies Act, 2017 till the date shares of the Associated Undertaking are issued to the Company".



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7. A statement under section 134(3) of the Companies Act, 2017 relating to the aforesaid special business to be transacted at the said Annual General Meeting is attached.

BY ORDER OF THE BOARD

Sd/-

*Asad Mustafa*  
Asad Mustafa  
Company Secretary

MULTAN.

Dated: October 05, 2017.

## NOTES:

1. The Share Transfer Books of the Company will remain closed from October 21, 2017 to October 28, 2017 (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 20, 2017 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.
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/downloads.php](http://www.fazalcloth.com/downloads.php)> 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. **Mandatory Requirement of Bank Account Details for Electronic Credit of Cash Dividend Payment as Per the Companies Act, 2017.** This is to inform you that in accordance with the section 242 of the Companies Act, 2017 any dividend payable in cash shall only be paid through electronic mode directly into the bank account designed by the entitled shareholders. Please note that giving bank mandate for dividend payments is mandatory and in order to comply with this regulatory requirement and to avail the facility of direct credit of dividend amount in your bank account, you are requested to please provide the following information to your respective CDC Participant / CDC Investor Account Services (in case your shareholding is in book Entry Form) OR to our Share Registrar ( in case your shareholding is in Physical Form):



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Name of Shareholder	
Folio / CDS Account No.	
Title of Bank Account	
International Bank Account Number (IBAN) "Mandatory"	
Bank's Name	
Branch Name and address	
CNIC No.	
Cell number	
Landline number	
Email	

- 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; All shareholders are therefore advised to submit a photocopy of their valid CNICs IMMEDIATELY to share Registrar or Shares Office.
- 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, 2016-17 Section 150 of the Income Tax Ordinance 2001, the 'Filer' & 'Non-Filer' shareholders will pay tax on dividend income @15% and 20% respectively. Therefore, please ensure that their name(s) have been entered into Active Taxpayers List (ATL) provided on website [www.fbr.gov.pk](http://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 15, 2017**, otherwise tax on cash dividend will be deducted @20 % instead of 15%.
- f. As per clarification of FBR, each shareholder 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 20, 2017 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	Name & CNIC No.	Shareholding Proportion

Shares Deptt/Head Office: 59/3, Abdali Road, Multan, Ph. +92 061 4579001-7, 4781637 Fax: +92 061-4541832  
E-mail: corporate@fazalcloth.com

Registered Office: 69/7, Abid Maheed Road, Survey # 248/7, Lahore Cantt, Lahore, Ph: +92 042 36684900



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			(No. of Shares)		(No. of Shares)
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- g. **Notice to the Shareholders in terms of section 244 of the Companies Act 2017, to files their respective claims in respect of unpaid Dividend that remained unclaimed** for a period of three years (or more). In terms of section 244 of the Companies Act, 2017 (the Act) promulgated on May 30, 2017, Companies are required to deposit with the Federal Government, all the dividends, which remain unclaimed or unpaid for a period of three years from the date of issue. In view of the forgoing, it is to inform you that if you have any outstanding/ unclaimed dividend(s), in respect of your account, you are therefore, advised to contact and lodge your claim to the share Registrar of the Company.
- h. **Exemptions - Deduction of Tax and Zakat on Dividend entitlement:** Members who wants to avail the exemptions on their respective dividend entitlement are requested to furnish the following documents to the Company/Shares Registrar, if not provided earlier:
  - a) Valid income tax exemption certificate issued by the concerned Commissioner of inland Revenue in order to avail tax exemption under Section 150 of the Income Tax Ordinance, 2001 (tax on dividend) where the statutory exemption under clause 47B of Part IV of Second Schedule is available and want to avail exemption under Section 150 of the Ordinance, otherwise tax will be deducted under the provisions of laws.
  - b) Zakat exemption certificate/undertaking as per Zakat & Ushr Ordinance, 1980.
- i. For any query / information, the shareholders may contact with the Company Secretary at the above Head 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.
- j. The audited financial statements for the year ended June 30, 2017 are available on website of the Company <[www.fazalcloth.com](http://www.fazalcloth.com)>.

## STATEMENT UNDER SECTION 134 (3) OF THE COMPANIES ACT, 2017 – REGARDING SPECIAL BUSINESS No 6 :

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company

The Board of Directors of the Company (“the Board”) in their Meeting held on October 05, 2017 have decided to make equity investment in the FECL, Associated Undertaking subject to the approval by the shareholders in the forthcoming Annual General Meeting of the Company. FECL was incorporated as an Special Purpose Vehicle to build, own & operate Coal based Power Project in near future.

The proposed investment in FECL shall contain the following disclosure in accordance with clause (a) of Regulation 3 of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012 (the “Regulations”):



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Ref No.	Requirement	Information
(i)	Name of the Company & criteria of Association	<b>Fatima Electric Company Limited ("FECL")</b> , an Associated Undertaking based on common directorship.
(ii)	Purpose, benefit of investment	To facilitate the investee company to build, own & operate Coal based Power Project.  The Company will earn dividends on this investment in FECL even the Company will charge mark up to investee company for the interim period till the date shares are issued to the Company.
	Period of investment	Investment will be held with intention as long term.
(iii)	Maximum amount of investment	Equity investment upto the sum of Rs 70,000.
(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 7,000/- 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 FECL.  b) After proposed investment number of shares will be 7,000/- representing 20% equity of FECL.
(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;	FECL 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 29 Feb 2016. Ist financial statements for period Feb 29, 2016 till June 30, 2017 have been prepared with few incorporation expenses only and fixed / operating 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 8.39 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	Not Applicable



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	borrowed fund	
(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 of said investment 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;	
(I)	Description of project and its history since conceptualization	Fazal Cloth Mills Limited ("FCML"), Fatima Holding Limited ("FHL") and Fatima Fertilizers Company Ltd (FFCL) and Pakarab Fertilizers Limited ( PFL) (collectively the "Sponsors") are the associated and have established FECL as an Special Purpose Vehicle to build, own & operate Coal based Power Project in near future.
(II)	Time by which such project shall become commercially operational; and	Start/completion of construction work, start of operation etc. depends on the regulatory approvals of concerned GoP departments, once approved commercial operations will be started in a period of 3 years' time.
(III)	Time by which such project shall become commercially operational; and	
(IV)	Time by which the project shall start paying return on investment	

BY ORDER OF THE BOARD

*Asad Mustafa*  
Sd/-

(ASAD MUSTAFA)  
Company Secretary

Multan

Dated: Oct 05, 2017.



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## Statement Under Rule 4(2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012

Name of Investee Company	Fatima Transmission Company Limited (FTCL)			Fatima Energy Limited (FEL)			Pakarab Energy Limited (PEL)
<b>Total investment approved</b>	Rs. 70 Million Equity investment (approx. 37.50 % of total paid-up capital) was approved in EOGM on June 23, 2015 for the period of Three (3) years.	Rs. 300 Million loan was approved in AGM on October 31, 2015 and will be repayable within one year from date of disbursement	The approval from shareholders to enter into SSA obtained in Annual General meeting of the Company held on October 31, 2016. As per SSA the Company as sponsor commits the NIB, in case of default by FTCL, to pay amount outstanding. Further, terms and conditions with FTCL in case of fulfillment of such guarantee	Rs. 2,650 Million Equity investment (approx. 37.50 % of total paid-up capital) was approved in EOGM on May 30, 2014 for the period of Three (3) years. In EOGM dated May 30, 2017 period for investment enhanced till May 30, 2019 or COD whichever is earlier.	Rs. 500 Million loan was approved in EOGM on May 30, 2017 and will be repayable within ten years from date of disbursement	The approval from shareholders to enter into SSA obtained in EOGM of the Company held on May 30, 2017. As per SSA the Company as sponsor commits to lenders of FEL, in case of default by FEL, to pay amount outstanding up to Rs 9,028 million.	Rs. 3,000 Million Equity investment (approx. 24 % of total paid-up capital) was approved in EOGM on June 23, 2015 for the period of Three (3) years.

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			were approved by the shareholders on March 25, 2017.				
<b>Amount of investment made to date</b>	Rs. 66,961,200	NIL	NIL	Investment of Rs. 1,374 Million being in equity of Fatima Energy Ltd. An advance for shares of Rs 304,882,685 and Rs.150,044,910 have also been given to FEL.	NIL	NIL	Investment of Rs. 25,904,160 in equity of Pakarab Energy Ltd.
<b>Reasons for not having made complete investment so far where resolution required it to be implemented in specific time</b>	Partial investment has been made, further investment will be made depending on demand received from investee company	No loan has been granted till date of this notice, as funds request has not yet been made by the investee company.	Outstanding amount to NIB on behalf of FTCL will be paid in case of default by FTCL. No default yet made by FTCL.	Partial investment has been made, further investment will be made depending on demand received from investee company	The loan/ investment will be made depending on demand received from investee company	Amount to lenders of FEL will be paid in case of default by FEL. No default yet made by the Company.	Partial investment has been made, further investment will be made depending on demand received from investee company
<b>Material change in financial statements of associated</b>	As per audited financial statements for the year	As per audited financial statements for	As per financial statements for the year ended	As per financial statements for the year ended June 30, 2014, the	As per latest available financial statements for the	As per latest available financial statements for the	As per financial statements for the year ended June 30, 2015,

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<b>company or associated undertaking since date of the resolution passed for approval of investment in such company.</b>	ended June 30, 2015, the basic earnings per share was Rs. (8.78) / Shares and breakup value of share was Rs. 1.22 / share. As per latest available audited financial statements for the half year ended December 31, 2016, the basic earnings per share is Rs. (0.005) / Shares and breakup value of share is Rs. 9.76 / share.	the year ended June 30, 2015, the basic earnings per share was Rs. (8.78) / Shares and breakup value of share was Rs. 1.22 / share. As per latest available audited financial statements for the half year ended December 31, 2016, the basic earnings per share is Rs. (0.005) / Shares and breakup value of share is	June 30, 2016, the basic earnings per share was Rs. (147.96) / Shares and breakup value of share was Rs. (146.74) / share. As per latest available audited financial statements for the half year ended December 31, 2016, the basic earnings per share is Rs. (0.005) / Shares and breakup value of share is Rs. 9.76 / share.	basic earnings per share was Rs. (703.75) / Share and breakup value of share was Rs. (932.25) / share. As per latest available financial statements for the half year ended December 31, 2016, the basic earnings per share is Rs. (0.019) / Shares and breakup value of share is Rs. 9.80 / share.	half year ended December 31, 2016, the basic earnings per share is Rs. (0.019) / Shares and breakup value of share is Rs. 9.80 / share.	half year ended December 31, 2016, the basic earnings per share is Rs. (0.019) / Shares and breakup value of share is Rs. 9.80 / share.	total assets of the company were Rs. 335,157, total liabilities were Rs. 383,127 while equity was Rs. (47,970). As per latest available financial statements for the year ended June 30, 2016, the total assets of the Company are Rs. 87,648,222 ; total liabilities are Rs. 16,744,369 while equity is Rs. 70,903,853
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