



# FAZAL CLOTH MILLS LIMITED



Registration No. 9903492

FCML/1503/G/ 726

October 05, 2018.

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 27, 2018 at 11:00 a.m.** at **FG Head Office, E/110, Khayaban-e-Jinnah, LAHORE. CANTT, LAHORE**, for your perusal and necessary action please.

Yours sincerely,

**ASAD MUSTAFA**  
Company Secretary.

Encl: As Above.



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## NOTICE OF MEETING

Notice is hereby given that the 53<sup>rd</sup> Annual General Meeting of the Shareholders of the Company M/S. FAZAL CLOTH MILLS LIMITED ( "the Company") will be held on Saturday, October 27, 2018 at 11:00 a.m. at FG Head Office, E/110, Khayaban-e-Jinnah, Defence Chowk, LAHORE to transact the following business:

### ORDINARY BUSINESS

1. To confirm the minutes of the last Annual General Meeting of the Company held on October 28, 2017.
2. To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 2018 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, 2018 at the rate of **Rs.8.5** (Rupees Eight and Fifty Paise Only) per Ordinary Share of Rs.10.00 each (2017: Rs. 5.25) as recommended by the Board of Directors.
4. To appoint External Auditors of the Company for the Financial Year Ending **June 30, 2019** 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 discuss the matter and seek approval of the shareholders of the following special resolutions, with or without modifications, in compliance with Section 199 of the Companies Act, 2017 regarding investment up-to of Rs. 2,000 Million in Associated Company Fatima Energy Ltd ("FEL") and to authorize the Company to invest by way of advance/loan in FEL:

**"RESOLVED THAT** a loan of the amount up-to Rs. 2,000,000,000/- (Pak Rupees Two Thousand Million Only) be made to "Fatima Energy Limited", an Associated Undertaking, at mark-up chargeable in terms of section 199 of the Companies Act, 2017 and will be repayable within ten years from date of disbursal and the period of investment will be till October 15, 2021".

**"FURTHER RESOLVED** that any Director of the Company and authorized officers of the Company namely, Mr. Muhammad Azam, Chief Financial Officer and Mr. Asad Mustafa, Company Secretary be and are hereby authorized singly to take all steps necessary in this regard, including but not limited to negotiating and executing necessary



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agreements/documents, seeking any relevant regulatory approvals, and any ancillary matter thereto”.

7. A statement under section 134(3) of the Companies Act, 2017 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, 2018.

## NOTES:

1. The Share Transfer Books of the Company will remain closed from October 19, 2018 to October 26, 2018 (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 18<sup>th</sup> 2018 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. Pursuant to the requirement of Section 242 of new Companies Act 2017, shareholders are mandatorily required to provide their bank account details i.e. Title of Bank Account, Bank Account No/IBAN No., Bank's Name, Branch Address and Cell / Landline No(s). of the Transferee(s) so that dividend be paid through electronic mode directly into the bank account as designated; Shareholders are requested to send required details to the share registrar of the Company **before Oct 27, 2018**, failing which the Company will be constrained to withhold dividend payments.
  - c. 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.
  - d. 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



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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 10, 2018**, otherwise tax on cash dividend will be deducted @20 % instead of 15%.

- e. 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 17, 2018 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)

- f. 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.
- g. For any query / information, the shareholders may contact with the Company Secretary at the above Head Office and / or Mr. Abdul GhaffarGhaffari of Share Registrar, Vision Consulting Ltd, 3-C, LDA Flats, Lawrence Road, Lahore, Ph. Nos. (042) 36283096-97.
- h. The audited financial statements for the year ended June 30, 2018 are available on website of the Company <[www.fazalcloth.com](http://www.fazalcloth.com)>.

### i. Zakat Declaration

The members of the Company are required to submit Declaration for Zakat exemption in terms of Zakat and Usher Ordinance, 1980.

### j. E-Voting

Shareholders can exercise their right to demand a poll subject meeting requirements of section 143-145 of the Companies Act, 2017 and applicable clauses of companies (Postal Ballot) Regulations 2018

### L. Unclaimed Dividend & Bonus Shares

Shareholders, who by any reasons, could not claim their dividend or bonus shares or did not collect their physical shares, if any, are advised to contact our share registrar M/s. Vision Consulting Ltd, 3-C, LDA Flats, Lawrence Road, Lahore,

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on October 27, 2018.



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## STATEMENT UNDER SECTION 134 (3) OF THE COMPANIES ACT, 2017 – REGARDING SPECIAL BUSINESS6 :

- 1) **Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established;**  
Fatima Energy Limited (“FEL”) is Associated Undertaking based on following common directorship.  
1. Mr. Rehman Naseem 2. Mr. Faisal Ahmed 3. Mr. Fazal Ahmed Sheikh 4. Mr. Fahd Mukhtar
- 2) **Amount of loans or advances**  
Upto Rs 2,000 Million ( Rs Two Thousand Million Only)
- 3) **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 financially for establishing, construction, functionality and operations of 120 MW co-generation Power plant. Further the Company will earn markup from Investee Company on such loan amount. Furthermore being sponsor the Company will be entitled for potential dividends in future once investee company becomes operational.
- 4) **In case any loan has already been granted to the said associated company or associated undertaking, the complete details thereof;**  
Rs. 500 million in accordance with shareholder approval dated May 30, 2017. Markup also has been charged.
- 5) **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, 2018, Total Assets are Rs. 28,344 Million, Total Liabilities are Rs. 22,115 Million and Loss after tax is Rs. 120.2 Million.
- 6) **Average borrowing cost of the investing company or in case of absence of borrowing the Karachi Inter Bank Offered Rate for the relevant period;**  
KIBOR + 1 %
- 7) **Rate of interest, mark up, profit, fees or commission etc. to be charged;**  
Average Borrowing Cost of the Company plus 0.25% to be reset at the end of each half year. For the current half year it shall be one month KIBOR +1.5%.
- 8) **Sources of funds from where loans or advances will be given;**  
The loan will be made from internal cash generations of the Company.
- 9) **Where loans or advances are being granted using borrowed funds,-**



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N/A

- 10) 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.

- 11) Repayment schedule and terms of loans or advances to be given to the investee company;

The loan will be repayable within ten years of its disbursement in 20 Semi-annually Installments first installment to be due on 30 June or 31 December next falling after CoD. In case the repayment is not paid in due time additional markup at rate of 1% will be charged on the over due amount till repayment. Loan is un-secured.

- 12) Salient feature of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment;

As stated in point 7 & 11 above

- 13) 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.

- 14) Any other important details necessary for the members to understand the transaction; and

None

- 15) 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 Ltd ("FCML") along with Reliance Weaving Mills Limited ("RWML"), Fatima Holdings Limited and Fazal Holdings Pvt Ltd, associated companies (collectively the "Sponsors"), intends to set up a 120 MW co-generation power project (the "Project"). For this purpose FEL, a special purpose company, established to generate and supply of Electricity on fuel of baggage and imported coal. Project will be operated as Independent Power Producer ("IPP"). Project will play a considerable role in eliminating the energy shortfall in the Country.

**(II) Construction starting date:** February 10, 2014; **Expected completion date:** End of year 2018

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

End of year 2018

**IV. Expected time by which project shall start return**



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End of year 2018

## 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.

### 16) Earnings per share of last three years

June 30, 2016 Rs. (.09) / share

June 30, 2017 Rs. (.104) / share

June 30, 2018 Rs. (0.21) / share

### 17) Breakup Value per share

Rs. 9.5 approximately.

### 18) Performance review of investment already made

137,421,349 shares issued against equity investment of Rs. 1374 M

*Asad Mustafa*

BY ORDER OF THE BOARD

Sd/-

(ASAD MUSTAFA)

Company Secretary

Multan

Dated: Oct 05, 2018.

## Statement u/s 4 (2) of Investment in associated companies' regulations 2017

Name of Investee Company	Fatima Transmission Company Limited (FTCL)		Fatima Energy Limited (FEL)	Pakarab Energy Limited (PEL)
Total investment approved	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 were approved by the shareholders on March 25, 2017.	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 upto Rs 9028 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.
Amount of investment	Rs 11.76 M	Rs 11.56 M	Rs 557 M	Rs 25.9 M



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<p>made to date</p> <p>Reasons for not having made complete investment so far where resolution required it to be implemented in specific time</p>	<p>Further funds request has not yet been made by the investee company.</p>	<p>Outstanding amount to NIB on behalf of FTCL will be paid in case of default by FTCL or in case any demand by lender of FTCL under SSA .</p>	<p>Outstanding amount to Lenders on behalf of FEL will be paid in case of default by FEL or in case any demand by lender of FEL under SSA</p>	<p>Partial investment has been made, further investment will be made depending on demand received from investee company</p>
<p>Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company.</p>	<p>As per audited financial statements for 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 year ended June 30, 2018, the basic earnings per share is Rs. (0.0096) / Shares and breakup value of share is Rs. 9.61 / share.</p>	<p>As per financial statements for the year ended June 30, 2014, the 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 year ended June 30, 2018, the basic earnings per share is Rs. (0.21) / Shares and breakup value of share is Rs. 9.48 / share.</p>	<p>As per financial statements for the year ended June 30, 2015, 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, 2017, the total assets of the Company are Rs. 145,196,479, total liabilities are Rs. 23,517,667 while equity is Rs. 121,678,812.</p>	

For Fazal Cloth Mills Ltd.  
*Asad Nawaz*  
 Secretary