



# FAZAL CLOTH MILLS LIMITED



Registration No. 9903492

FCML/1476/782

February 14, 2019

The General Manager  
Pakistan Stock Exchange Limited  
Stock Exchange Building  
Stock Exchange Road Karachi.

Subject: **Notice of Extraordinary General Meeting**

Dear Sir,

Enclosed please find a copy of the Notice of Extraordinary General Meeting to be held on 09.03.2019, at 04:15 P.M., at Fatima Group Office, 110-E, Khayaban-E-Jinnah, Defense Chowk, Lahore. for circulation amongst the TRE Certificate Holders of the Exchange.

Yours sincerely,

(ASAD MUSTAFA)  
Company Secretary.

Encl: As Above.

## Notice of Extra Ordinary General Meetings of Fazal Cloth Mills Limited

The honourable Lahore High Court, Lahore vide order dated 30.01.2019 passed in C.O. No. 5668/2019, has directed to hold the Extra Ordinary General Meetings ("EOGMs") of the members of Fazal Cloth Mills Limited to consider and if thought fit approve, adopt and agree to the Scheme of Compromises, Arrangements and Reconstruction and to pass or otherwise the following resolution with or without modification:

**"Resolved unanimously that the Scheme of Compromises, Arrangements and Reconstruction under sections 279 to 283 and 285 of the Companies Act, 2017 (the "Scheme") among the Fazal Cloth Mills Limited (FCML) and its Members and Fazal Weaving Mills Limited (FWML) and its Members as placed before the Meeting, for *inter alia*, the amalgamation/merger of FWML and its members with and into FCML and its members, as detailed in the Scheme and vesting of the entire undertakings including the assets and liabilities of FWML with and into FCML, in accordance with the Scheme be and is hereby, agreed, approved and adopted subject to any modification(s) or conditions as may be required / imposed by the honourable Lahore High Court Lahore, and/or the Securities and Exchange Commission of Pakistan and /or Competition Commission of Pakistan."**

In compliance to the above order of the honourable Lahore High Court, this **NOTICE** is hereby given that the EOGMs of the members of the company will be held on 09.03.2019, at 04:15 P.M., at Fatima Group Office, 110-E, Khayaban-E-Jinnah, Defence Chowk, Lahore.

### Co-Chairpersons for the Extra Ordinary General Meeting

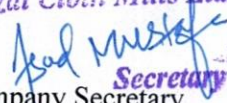
**Mr. Aurangzeb Mirza**  
Advocate Supreme Court  
Room No. 6, 2<sup>nd</sup> Floor, Imtiaz Plaza,  
85-The Mall, Lahore.

**Ch. Sultan Mehmood**  
Advocate High Court  
Ground Floor, Sarwar Building,  
1 – Turner Road, Lahore.

Dated: February 15, 2019

### Notes:

1. The statement under section 281 of the Companies Act, 2017 ("Act") read with the statement of material facts under section 134(3) of the Act ("Statement") setting forth, *inter alia*, the terms of the compromise, arrangement and reconstruction and explaining its effect, along with a copy of the Scheme of Compromises, Arrangements and Reconstruction are being circulated along with the Notice of the EOGM to the members and other person(s), entitled to receive Notice of the EOGM.
2. Copies of the Scheme of Compromises, Arrangements & Reconstruction under section 279 to 283 and 285 of the Act, recent audited accounts of the company along with the necessary financial details, memorandum and articles of association, requisite approvals and any other related information/documents may also be inspected/procured during the business hours on any working day at the Registered Office of the Company i.e. 69/7, Abid Majid Road, Survey # 248/7, Cantt., Lahore from the date of publication of this Notice till the conclusion of the EOGM. In case of any difficulty, the same should be immediately brought to the notice of the mentioned Co-Chairpersons.
3. A member eligible to attend and vote at this meeting may appoint another member as proxy to attend and vote in the EOGM. Proxies, in order to be effective, must be received by the company at the Registered Office not later than 48 hours before the time for holding of the EOGM.
4. The members register of the above mentioned company, will remain closed from March 01, 2019 till March 08, 2019 (both days inclusive). Transfers received at the company share registrar office, M/s Vision Consulting Ltd, 3-C, LDA Flats, Lawrence Road Lahore by the close of business hours on February 28, 2019 will be entertained.

**For Fazal Cloth Mills Ltd.**  
  
**Secretary**  
Company Secretary

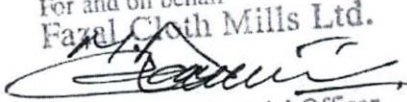


SCHEME FOR COMPROMISES, ARRANGEMENTS AND RECONSTRUCTION  
UNDER SECTIONS 279 TO 283 READ WITH SECTION 285 OF THE COMPANIES  
ACT, 2017 FOR AMALGAMATION/MERGER BETWEEN:

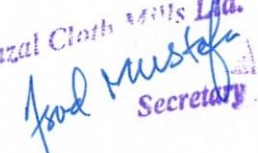
FAZAL CLOTH MILLS LIMITED AND ITS MEMBERS

AND

FAZAL WEAVING MILLS LIMITED AND ITS MEMBERS

For and on behalf  
Fazal Cloth Mills Ltd.  
  
Chief Financial Officer

For & on behalf  
Fazal Weaving Mills Limited  
  
Chief Financial Officer

For Fazal Cloth Mills Ltd.  
  
Secretary

## ARTICLE 1 DEFINITIONS

In this Scheme unless the subject or context otherwise requires, the following expressions shall bear the meanings specified against them as are mentioned herein below:

"Act" shall mean the Companies Act, 2017.

"Assets" shall mean all properties together with all or any attached rights and liabilities of Fazal Weaving Mills Limited which as at the date hereof are specified in Appendix 1 hereto.

"Commission" shall mean the Securities and Exchange Commission of Pakistan as constituted under the Securities and Exchange Commission of Pakistan Act, 1997.

"Companies" shall mean Fazal Cloth Mills Limited and Fazal Weaving Mills Limited.

"Completion Date" shall mean the day on which the undertaking and whole Assets and liabilities along with all paraphernalia of Fazal Weaving Mills Limited are merged and consequently are vested into Fazal Cloth Mills Limited by way of the order pursuant to sections 279 to 283 read with section 285(8) of the Act or any date thereafter as may be mutually agreed by and between the Companies.

"Court" refers to the Forum which is exercising powers pursuant to sections 279 to 283 read with section 285 of the Act along with SRO No. 840(I)/2017 dated 24.08.2017; presently the Honourable Lahore High Court, Lahore.

"Effective Date" shall mean the date on which this Scheme of Compromises, Arrangements and Reconstruction shall become operative i.e. June 30, 2018, or such other date approved/sanctioned by (i) the members of the Companies or (ii) the Court.

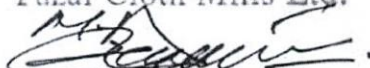
"Encumbrances" shall mean any and all liens, charges, mortgages, pledges, hypothecations, assignments by way of security, security interests, claims and other encumbrances of whatever nature.

"FCML" shall mean Fazal Cloth Mills Limited, a company incorporated in Pakistan having its registered office at 69/7, Abid Majeed Road, Survey No. 248/7, Lahore Cantt, Lahore.

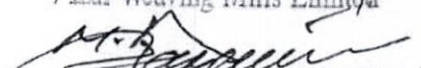
"FWML" shall mean Fazal Weaving Mills Limited, a company incorporated in Pakistan, having its registered office at 69/7, Abid Majeed Road, Survey No. 248/7, Lahore Cantt, Lahore.

"Order Date" shall mean the date whereby this Scheme of Merger is sanctioned by the Court.

For and on behalf  
Fazal Cloth Mills Ltd.

  
Chief Financial Officer

For & on behalf  
Fazal Weaving Mills Limited

  
Chief Financial Officer

For Fazal Cloth Mills Ltd.  
For Fazal Weaving Mills Ltd.  
Secretary



"Rights and Liabilities" shall mean all rights and liabilities, interest and/or duties and benefits or obligations of every kind, actual and contingent whether arising or payable under any agreement, statute, law or otherwise and whether pertaining to any Assets or otherwise and all Encumbrances.


"Scheme" shall mean this Scheme of Compromises, Arrangements and Reconstruction in its present form and/or with any modifications or additions thereto as approved by the Members of the Companies and/or the Court.

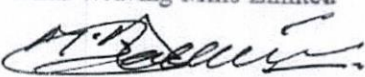

"Tax" shall mean all present and future taxes including income tax, sales tax, stamp duties, octroi, customs or excise duty, registration charges, levies, deductions, imposts and any other charges and withholdings whatsoever, together with any interest, mark-up or penalties payable in connection with any failure to pay or delay in paying any of the above.

"Undertaking" of FWML shall mean the entire undertakings of FWML as at the Effective Date including all assets, properties, rights, privileges, powers, bank accounts, leave and licenses and all or any other assets, properties, rights, privileges, powers, contracts etc. of FWML.

Without prejudice to the generality of the above, Undertaking of FWML shall include all rights, powers, authorities, privileges, contracts, benefits of Government consents, sanctions and authorizations, licenses, liberties and all properties, immovable and movable, real, corporeal or incorporeal, in possession or reversion, present or contingent of whatsoever nature and wheresoever situated, including in particular land, building, plant and machinery, furniture and fixture, tools and equipment, electric and gas installation, assets subject to finance lease, intangible fixed assets, investments, security deposit, advances, deposits, other receivables, cash in hand, bank balances, stores and spares, stock in trade, telephones, emails, faxes, trade debts, un-appropriated profit/loss and all other authorities, business operation, rights or interests in or arising out of such property as may belong to or be in the possession or claim of FWML on the Effective Date and all books of account and documents relating thereto and shall be deemed to include all debts, finance lease, liabilities, creditors, accrued and other liabilities, taxation and loans, duties and obligations of FWML of whatever kind, including liabilities for payment of gratuity, provident fund or compensation in the event of retrenchment.

The headings and marginal notes are inserted for convenience and shall not affect the construction of the Scheme.

For and on behalf  
Fazal Cloth Mills Ltd.  
  
Chief Financial Officer

For & on behalf  
Fazal Weaving Mills Limited  
  
Chief Financial Officer  
For Fazal Cloth Mills Ltd.  
  
Secretary

**ARTICLE 2**  
**CORPORATE INFORMATION**

**FAZAL CLOTH MILLS LIMITED**

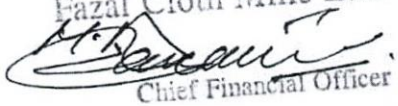
Board of Directors

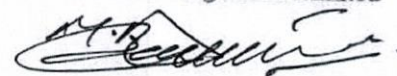
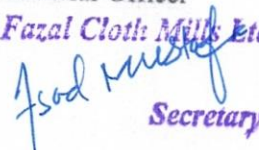
Mr. Rehman Naseem	:	Director / Chief Executive Officer
Mr. Sheikh Naseem Ahmad	:	Director
Mr. Amir Naseem Sheikh	:	Director
Mr. Fazal Ahmad Sheikh	:	Director
Mr. Faisal Ahmad Mukhtar	:	Director
Mr. Fahd Mukhtar	:	Director
Mr. Babar Ali	:	Independent Director
Mr. Asad Mustafa	:	Company Secretary
Mr. Muhammad Azam	:	Chief Financial Officer
Registered Office	:	69/7, Abid Majeed Road, Survey No. 248/7, Lahore Cantt, Lahore.

**FAZAL WEAVING MILLS LIMITED**

Board of Directors

Mr. Sheikh Naseem Ahmad	:	Director / Chief Executive Officer
Mr. Rehman Naseem	:	Director
Mr. Amir Naseem Sheikh	:	Director
Mr. Muhammad Azam	:	Director
Mr. Fahd Mukhtar	:	Director
Mr. Faisal Ahmad Mukhtar	:	Director
Mr. Fazal Ahmad Sheikh	:	Director
Asad Mustafa	:	Company Secretary
Muhammad Azam	:	Chief Financial Officer
Registered Office	:	69/7, Abid Majeed Road, Survey No. 248/7, Lahore Cantt, Lahore.

For and on behalf  
Fazal Cloth Mills Ltd.  
  
Chief Financial Officer

For & on behalf  
Fazal Weaving Mills Limited  
  
Chief Financial Officer  
For Fazal Cloth Mills Ltd.  
  
Secretary



### ARTICLE 3 SHARE CAPITAL

- a. The authorized share capital of FCML is Rs.700,000,000 divided into 70,000,000 ordinary shares of Rs.10 each and its paid-up capital is Rs.300,000,000 divided into 30,000,000 ordinary shares of Rs.10 each.
- b. The authorized share capital of FWML is Rs.300,000,000 divided into 30,000,000 ordinary shares of Rs.10 each and its paid-up capital is Rs.250,000,000 divided into 25,000,000 ordinary shares of Rs.10 each.

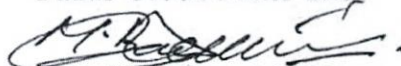
### ARTICLE 4 OBJECT OF THIS SCHEME

- a. The principal object of this Scheme is to ensure and effect the merger/amalgamation of FWML (wholly-owned subsidiary of FCML) into FCML through the transfer and vesting in FCML of the Undertaking and business of FWML together with all property, assets, rights, liabilities and obligations of every description of FWML against set-off of the equity investment against issued, subscribed and paid-up share capital of FWML by FCML without any further act or deed or documents being required to be executed, registered or filed in respect of such transfer, vesting, merger, amalgamation and/or assumption.

### ARTICLE 5 TRANSFER OF UNDERTAKINGS

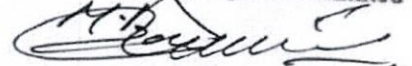
- a. The Undertaking of FWML as at the Effective Date shall without any further act, instrument or deed, stand transferred to and be vested or deemed to have been transferred to or vested in FCML.
- b. The transfer/vesting as aforesaid shall be subject to the existing charges/hypothecation/mortgages if any as may be subsisting and agreed to be created over or in respect of the said assets or any part thereof, provided however, any reference in any security documents or arrangements to which FWML is a party wherein the assets of FWML have been or are offered or agreed to be offered as security for any financial assistance or obligations, shall be construed as reference only to the assets pertaining to the undertaking of FWML and are vested in FCML by virtue of this Scheme to the end and intent that such securities, mortgages and charges shall not extend or be deemed to extend to any of the assets of FCML, unless specially agreed to by FCML, PROVIDED ALWAYS that this Scheme shall not operate to enlarge the security for any loan, deposit or facility created by or available to FWML which shall vest in FCML on approval of this Scheme by the Court and that FCML shall not be obliged to create any further or additional security after the approval of this Scheme as aforesaid or otherwise.

For and on behalf  
Fazal Cloth Mills Ltd.

  
Chief Financial Officer

*Fazal Cloth Mills Ltd.*

For & on behalf  
Fazal Cloth Mills Limited

  
Chief Financial Officer




- c. In respect of such assets as are movable in nature or are otherwise capable of transfer by manual/physical delivery or by endorsement and delivery, the same shall be so transferred by FWML and shall become the property of FCML as the latter's integral part. The amount lying with the Banks to the credit of FWML shall be transferred to FCML.
- d. All the liabilities of FWML as at the Effective Date without any further act, instrument or deed, shall stand transferred to and be vested in FCML so as to become as and from the Effective Date, the debts, liabilities, duties and obligations of FCML and further that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, duties and obligations have arisen in order to give effect to the provisions of this clause.
- e. The transfer and vesting of the Undertaking of FWML under this Article and the continuance of legal proceedings by FCML hereof shall not affect any transactions or proceedings already concluded by FWML in the ordinary course of business and after the Effective Date.

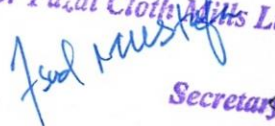
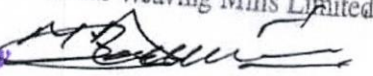
#### ARTICLE 6 CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS

- a. FCML shall undertake, pay, satisfy, discharge, perform and fulfill all debts, liabilities, contracts, engagements and obligations whatsoever of FWML at the Effective Date and all contracts, deeds, bonds, agreements, powers of attorney, grants of legal representation and all other instruments of whatever kind subsisting or having effect immediately before the Effective Date to which FWML may be a party or which shall be in favour of FWML as they were before the Effective Date and may be enforced or acted upon as fully and effectively as if instead of FWML, FCML had been a party thereto or as if the same had been issued by or in favour of FCML, PROVIDED ALWAYS that the existing creditors of FCML and FWML respectively having charges over the land, building, machinery and other fixed assets of the Companies shall continue to retain their security interests over the land, building, machinery and other fixed assets respectively charged in their favour.
- b. All agreements entered into by FWML with its respective bankers, agents etc. if any, shall continue to be in full force and effect and may be enforced by or against FCML.

#### ARTICLE 7 LEGAL PROCEEDINGS

- a. All causes, suits, appeals, petitions/revisions or other judicial, quasi-judicial and/or administrative proceedings of whatever nature by or against FWML which shall be pending on the Effective Date in or before any court, tribunal forum or other authority will be continued, prosecuted and enforced in the same

For and on behalf  
Fazal Cloth Mills Ltd.  
  
Chief Financial Officer

For Fazal Cloth Mills Ltd. For & on behalf  
Fazal Weaving Mills Limited  
  
Secretary  
  
Chief Financial Officer



manner and to the same extent as they would or might have been continued, prosecuted and enforced by or against FWML as if this Scheme had not been made, by or against FCML; the same shall not abate, be discontinued or be in any way prejudiced or affected by the provisions of this Scheme.

#### ARTICLE 8

#### CONDUCT OF BUSINESS BY FCML AND FWML TILL COMPLETION DATE

- a. With effect from the Effective Date and up till the Completion Date FWML shall carry on and be deemed to carry on all its business and activities and stand possessed of its properties and assets for and on account of and in trust for FCML and all the profits accruing to FWML or losses arising or incurred by it shall, for all purposes be treated as the profits or losses of FCML.
- b. FWML hereby undertakes to carry on its business until the Completion Date with reasonable diligence, business prudence and shall not except in the ordinary course of business or without the prior written consent of FCML, alienate, charge, mortgage, encumber or otherwise deal with or dispose of its Undertaking or any part thereof.

#### ARTICLE 9

#### TRANSFER OF STAFF, WORKMEN AND EMPLOYEES

- a. Every officer, workman or other employee of FWML on the Effective Date shall become an officer, workman or employee as the case may be of FCML on the basis that his services have not been interrupted by the vesting of the Undertaking of FWML into FCML under this Scheme and on the same remunerations and other conditions of service, rights and privileges as to provident fund and gratuity, if any and other matters as were applicable to him before the Effective Date.

#### ARTICLE 10

#### BASIS OF AMALGAMATION AND RECONSTRUCTION

- a. As FWML is the wholly-owned subsidiary of FCML the issued, subscribed and paid-up share capital appearing in the books of FWML will be set-off against the respective investments appearing in the books of FCML. Each of the assets and liabilities of FWML as per the accounts as on the Effective Date, will form the assets and/or liabilities of corresponding nature in the books of FCML. Likewise, the unappropriated profits/losses of FWML as on the Effective Date shall constitute as reserves of a corresponding nature of FCML. As the shares of FWML will be set off against the investments of FCML, therefore all share certificates of FWML shall stand cancelled.
- b. All members whose names shall appear in the Register of Members of FWML as on the Effective Date, shall surrender their share certificates in view of cancellation thereof to FCML.

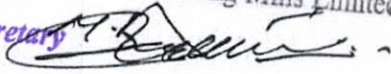
For and on behalf  
Fazal Cloth Mills Ltd.

  
Chief Financial Officer

For Fazal Cloth Mills Ltd.

  
Secretary

For & on behalf  
Fazal Weaving Mills Limited

  
Chief Financial Officer



**ARTICLE 11**  
**MODIFICATIONS/ AMENDMENTS TO THE SCHEME**

- a. FCML and FWML by their respective Directors may assent to any modification or amendment to the Scheme or agree to any terms and/or conditions which the Court and/or any other authorities under the law may deem fit to direct to impose or which may otherwise be considered necessary or desirable for settling any question or doubt or difficulty that may arise for implementing and/or carrying out the Scheme and do all acts, deeds and things as may be necessary, desirable or expedient for putting the Scheme into effect.
- b. For the purpose of giving effect to the Scheme or to any modification thereof, the Directors of FCML are hereby authorized to give such directions and/or to take such steps as may be necessary or desirable including any directions for settling any question or doubt or difficulty whatsoever that may arise.

**ARTICLE 12**  
**EXPENSES CONNECTED WITH THE SCHEME**


- a. All costs, charges and expenses of FWML and FCML respectively in relation to or in connection with the Scheme and carrying out and implementing/ completing the terms and provisions of the Scheme and/or incidental to the completion of merger/amalgamation of the said Undertaking of FWML in pursuance of the Scheme shall be borne and paid solely by FCML.

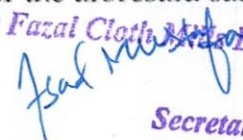
**ARTICLE 13**  
**SCHEME CONDITIONAL ON APPROVAL/ SANCTIONS**

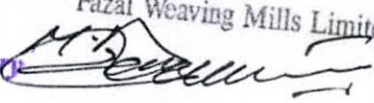
- a. The Scheme is conditional on and subject to:
  - i. Approval of the Scheme by the requisite majority of the respective members of such classes of persons of FWML and FCML as may be directed by the Court.
  - ii. Requisite resolution(s) under the applicable provisions of the Act, being passed by the shareholders of FWML and FCML for any of the matters provided for or relating to the Scheme as may be necessary or desirable.
  - iii. Any other sanctions or approvals of the appropriate authorities concerned as may be necessary and appropriate by the respective board of directors of FWML and FCML, being obtained and granted in respect of and of the matters for which such sanction or approval is required.

**ARTICLE 14**  
**COMPLETION DATE OF SCHEME**

- a. The Scheme although operative from the Effective Date shall take effect finally upon and from the date on which the last of the aforesaid sanctions or approvals

For and on behalf  
Fazal Cloth Mills Ltd.  
  
Chief Financial Officer

For Fazal Cloth Mills Ltd.  
  
Secretary

For & on behalf  
Fazal Weaving Mills Limited  
  
Chief Financial Officer



or orders shall have been obtained and such date shall be the Completion Date for the purpose of the Scheme.

#### ARTICLE 15 DISSOLUTION OF FWML

- a. Subject to an order being made by the Court under the relevant provisions of the Act, FWML shall without winding-up stand dissolved from the date on which all assets and liabilities of FWML are appropriated and the issued, subscribed and paid-up share capital of FWML shall stand cancelled as referred afore.

#### ARTICLE 16 EFFECT OF NON-RECEIPT OF APPROVALS / SANCTIONS

- a. In the event of any of the said sanctions and approvals not being obtained and/or the Scheme not being sanctioned by the Court and or the order(s) not being passed as aforesaid on or before Sep-30, 2019 or within such further period or periods as may be agreed upon between FWML and FCML through their respective board of directors, the Scheme shall become null and void and each party shall bear and pay its respective costs, charges and expenses for and/or in connection with the Scheme.

#### ARTICLE 17 APPLICATION TO THE COURT

FCML and FWML shall with all reasonable dispatch make applications to the Court for sanctioning the Scheme.

For Fazal Cloth Mills Limited

For and on behalf  
Fazal Cloth Mills Ltd.

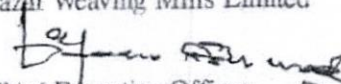
  
(Chief Executive Officer)

For and on behalf  
Fazal Cloth Mills Ltd.

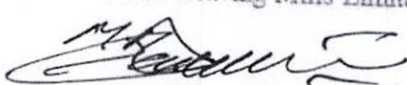
  
(Chief Financial Officer)

For Fazal Weaving Mills Limited

For and on behalf  
Fazal Weaving Mills Limited.

  
(Chief Executive Officer)

For & on behalf  
Fazal Weaving Mills Limited

  
(Chief Financial Officer)

For Fazal Cloth Mills Ltd.

  
Secretary

Dated: \_\_\_\_\_



**Statement under Section 281(1)(a) read with Section 134(3)  
of the Companies Act, 2017**

This Statement sets out the material facts concerning the special business to be transacted at the EOGMs and the terms of the Scheme of Compromises, Arrangements and Reconstruction ("Scheme") and explains its effect including the interests of the directors of the companies and the effect on those interests and other ancillary information.

Pursuant to the order dated 30.01.2019 passed by the honourable Lahore High Court, Lahore in C.O No. 5668 of 2019 filed under Sections 279 to 283 and 285 of the Companies Act, 2017, the honourable Court has directed *inter alia* that special meetings of the members of Fazal Cloth Mills Limited ("FCML") be convened for presenting the proposed Scheme to the shareholders of the company for sanctioning of the same or otherwise under the supervision of the Joint Chairmen, appointed by the honourable Court.

A copy of the Scheme has been enclosed, along with the Notice of the EOGM that is to be circulated to the members. A copy of the same can be obtained from the Registered Office of the company, free of charge, during usual business hours. The Notice issued and published in the newspapers is for convening the special meeting of the members, as directed by the honourable Court for the purposes of presenting the proposed Scheme to the members and passing *inter alia* of the following resolution, sanctioning the Scheme by a majority representing three-fourth in value of the issued ordinary shares, held by the members, as are present in person or by proxy and voting at the EOGM:

*"Resolved unanimously that the Scheme of Compromises, Arrangements and Reconstruction under sections 279 to 283 and 285 of the Companies Act, 2017 (the "Scheme") among the Fazal Cloth Mills Limited (FCML) and its Members and Fazal Weaving Mills Limited (FWML) and its Members as placed before the Meeting, for inter alia, the amalgamation/merger of FWML and its members with and into FCML and its members, as detailed in the Scheme and vesting of the entire undertakings including the assets and liabilities of FWML with and into FCML, in accordance with the Scheme be and is hereby, agreed, approved and adopted subject to any modification(s) or conditions as may be required / imposed by the honourable Lahore High Court Lahore, and/or the Securities and Exchange Commission of Pakistan and/or Competition Commission of Pakistan."*

**The Scheme:**

The object of the Scheme is to affect the merger/amalgamation of FCML and FWML. The merger/amalgamation involves the transfer to and vesting into FCML of the whole of the undertaking and business of FWML, together with all of the property, assets, rights, liabilities, quotas and obligations of every description of the FWML. Upon completion of the merger/amalgamation FWML will be dissolved by the order of the honourable Court, without going into winding up.

**Approval of the Scheme:**

The Board of Directors of FCML has approved the Scheme. The resolution specified in the Notice has to be passed by a majority representing three-fourth in value of the issued shares held by the shareholders, present in person or by proxy and voting at the EOGM. Notice of the EOGM along with the Statement under Section 281(1)(a) along with Section 134(3) of the Companies Act, 2017, is being presented to the members of FCML for approval of the Scheme. The sanctioning of the Scheme and the making of other appropriate orders in connection therewith will be considered by the honourable Court, after the Scheme has been approved by the members.

**Filing of the Scheme:**

A copy of the Scheme has been filed with the Registrar, Company Registration Office, Securities and Exchange Commission of Pakistan, Lahore.

**Proposed Terms adopted by the Board of Directors:**

The proposed terms of the Scheme drawn up and adopted by the Board of Directors of FCML, are contained in the Scheme attached herewith.

*For Fazal Cloth Mills Ltd.*  
*Asad*  
**Secretary**



## Report adopted by the Board of Directors:

The Board of Directors of FCML have approved the Scheme; the same is enclosed herewith. The effect of the Scheme on the interests of the Directors/CEO does not differ from the effect on the like interest of other members except as stated herein and under the Scheme.

## Compensation for loss of office:

No compensation is payable to any of the directors in case they relinquish their respective office in FWML, consequent to the merger/amalgamation.

## Financial Statements:

Auditors' reviewed financials for the period ended 30-09-2018 are attached herewith.

## Benefits of the Merger:

FWML is a wholly owned subsidiary of FCML and belongs to one group. The purpose of the amalgamation of these companies is to operate/run the businesses, under a single management unit and to avoid any duplication of work.

The majority of the directors in the respective Boards of the amalgamating companies are also common, as such the interest of shareholders will not be affected and instead of a separate Board of Directors, looking after the affairs of the companies, there will be only one Board.

The maintenance of separate selling, purchasing, marketing, legal, administrative, secretarial and other records under the various laws, results in duplication of work and higher costs. The consolidated operation will result in eliminating duplicate services and operations and will lead to a reduction in tax cost, administrative and overhead expenses besides increasing efficiency because of unified control.

## Interest of Directors/Chief Executive:

All the directors of FCML are interested to the extent of their respective shareholdings (as applicable and mentioned herein) that are held by them in FCML. The directors who are performing full time executive functions are also interested to the extent of their remuneration, benefits and allowances as per the policies of the companies.

The effect of the Scheme on the interests of the Directors/CEO does not differ from the effect on the like interest of other members except as stated herein and under the Scheme.

## Shareholding of Directors:

Following are the present shareholdings in FCML and FWML by the Directors/Chief Executives of FCML and FWML, respectively:

Directors of FCML and FWML	Shareholding			
	FCML		FWML	
	Shares	%	Shares	%
SHEIKH NASEEM AHMED	8,820	0.029	2,500	0.0001
REHMAN NASEEM	3,101,320	10.338	2,500	0.0001
FAZAL AHMED SHEIKH	2,041,611	6.805	2,500	0.0001
FAISAL AHMED	2,039,865	6.800	2,500	0.0001
AAMIR NASEEM SHEIKH	82,828	0.276	2,500	0.0001
FAHAD MUKHTAR	579,715	1.932	2,500	0.0001
MUHAMMAD AZAM	Nil	Nil	2,500	0.0001
BABAR ALI (Independent Director)	Nil	Nil	Nil	Nil

## Inspection of documents:

The documents of FCML namely, copies of Memorandum and Articles of Association, the Audited, reviewed and un-audited Financial Statements, Scheme of Compromises, Arrangements and Reconstruction, requisite approval(s) and other related documents may be

For Fazal Cloth Mills Ltd.  
*[Signature]*  
Secretary

inspected at the aforementioned companies Registered Offices, during usual business hours on any working day, till the conclusion of the EOGM.

For Fa *Food* *Products* Ltd  
*Food Products*  
Secretary