



FLYING CEMENT COMPANY LIMITED

FLYING/526/367/2021/

March 10, 2021

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

Subject: Declaration of Right Shares

Dear Sir,

We have to inform you that the Board of Directors of **Flying Cement Company Limited** (the "**Company**"), in their meeting held on March 10, **2021** have decided to increase the paid-up share capital of the Company by issue of a further **200,000,000 (Two Hundred Million)** ordinary shares, having face value of PKR 10/- (Pak Rupees Ten) each, as Right Shares, to be offered to the members of the Company in the proportion of **113.64** Right Shares for every 100 ordinary shares held i.e. **113.64%**, at a price of PKR **10/-** (Pak Rupees **Ten**) per Right Share (i.e. at par).

The Share Transfer Books of the Company will be closed from **March 23, 2021** to **March 30, 2021** (both days inclusive) to determine the entitlement of Right Shares.

Transfers received at our share registrar, **THK Associates (Pvt.) Limited**, Plot no. **32-C**, **Commercial Street 2, D.H.A Phase VII, Karachi-7550 Pakistan**, Tel: **+92 21 111-000-322**, Ext, **111 to 115**, Email: **sfc@thk.com.pk** at the close of the business on **March 22, 2021** will be treated in time for the purpose of entitlement of Right Shares to the transferees.

Following details are enclosed:

- a) Statement with respect to the details of the Right Issue, including the quantum of issue, issue size, issue price, purpose of issue, utilization of proceeds, benefits of the issue to the Company and its shareholders and risk factors (**Annexure A**).
- b) Certified true copy of the Extracts of the Resolutions passed by the Board of Directors of the Company dated March **10, 2021** (**Annexure B**).
- c) Draft copy of the notice of the Right Issue and book closure to the Shareholders prior to its publication in the newspapers (**Annexure C**).



Shahid

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Head Office: 1-Sarwar Colony, Sarwar Road, Lahore Cantt. Pakistan. Phone: +92-42-36674301-5 Lines, Fax: 92-42-36660693

E-mail: info@flyingcement.com, Website: www.flyingcement.com



FLYING CEMENT COMPANY LIMITED

You may please inform the TRE Certificate Holders of the Exchange accordingly.

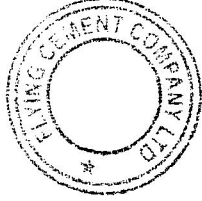
Yours Sincerely,

For **Flying Cement Company Limited**

Shahid Ahmad Awan

(Company Secretary)

Enclosed: As Above



Copy to:

The Commissioner
Corporate Supervision Department
Securities and Exchange Commission of
Pakistan
Islamabad

The Director
Surveillance Supervision Enforcement (SMD)
Securities and Exchange Commission of
Pakistan
Islamabad



FLYING CEMENT COMPANY LIMITED

Annexure A

FLYING CEMENT COMPANY LIMITED

Statement pertaining to the Quantum of Issue, Issue Size, Issue Price, Purpose of Issue, Utilization of Proceeds, Benefits of the Issue to the Company and the shareholders and Risk Factors under Regulation 3 of the Companies (Further Issue of Shares) Regulations, 2020.

(a) Quantum of the Right Issue (i.e. as a percentage of existing paid-up capital)

The quantum of the Right Issue is approximately **113.64%** of the existing paid-up capital of the Company i.e. **113.64** right shares for every 100 ordinary shares held by the shareholders of the Company.

(b) Right Issue Size

The Company shall issue **200,000,000 (Two Hundred Million)** ordinary shares, at a price of PKR **10/- (Pak Rupees Ten)** per share, aggregating to PKR **2,000,000,000/- (Pak Rupees Two Billion Only)**.

(c) Right Issue Price

PKR **10/- (Pak Rupees Ten)** per share (i.e. at par).

(d) Purpose of the Right Issue

The purpose of the Right Issue is to raise funds to primarily enable the Company to meet a portion of its capital requirements to, *inter alia*, effectively implement its business expansion plan with regard to the ongoing capacity enhancement of Line-2 to 7,700 (Seven Thousand Seven Hundred) Tons per day of clinker, enhance the working capital requirements, and improve the Company's debt equity ratio.

(e) Utilization of Proceeds of the Right Issue

The proceeds from the Right Issue will be primarily utilized for meeting the capital expenditure requirements of the Company for Line 2 and enhanced working capital requirements, along with repaying certain loans availed by the Company, with the objective to increase the Company's profitability and financial ratios.

Shahid Ahmad Awan
Company Secretary
Shahid

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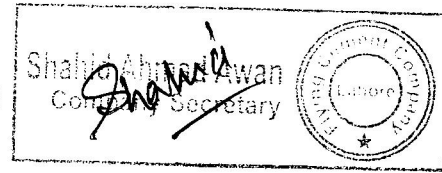
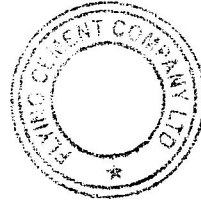
FLYING CEMENT COMPANY LIMITED

(f) Benefits to the Company and Shareholders

The subscription amount from the Right Issue will enable the Company to implement its business expansion plans and to make available the required liquidity for meeting its capital expenditure and enhanced working capital requirements. Subject to any adverse impacts which may arise due to any decline in the economic situation, the business plan is expected to positively impact the profitability and future prospects of the Company, which, consequently, would benefit the shareholders in the form of a future pay out and capital appreciation of their share value.

(g) Risk Factors associated with the Right Issue, if any

The Right Issue of the Company is being carried out at par value, which is less than the current share price in the market, and hence there is no major investment risk associated with the Right Issue. The substantial shareholders and directors of the Company have confirmed that they shall subscribe to (or arrange the subscription of) their respective right entitlements, while the balance portion of the Right Issue shall be fully underwritten as per requirements under the applicable regulations. Normal risks associated with the business will remain; however, the Company is well equipped to reasonably mitigate such risk factors.





FLYING CEMENT COMPANY LIMITED

Annexure B

Extract of the Resolutions passed by the Board of Directors of Flying Cement Company Limited (the "Company") at its meeting held on Wednesday, March 10, 2021 at Head Office: 1- Sarwar Colony, Sarwar Road, Lahore-Cantt. Lahore.

A meeting of the Board of Directors of the Company was held at 10:00 a.m. on March 10, 2021 at 1-Sarwar Colony, Sarwar Road, Lahore-Cantt. Lahore.

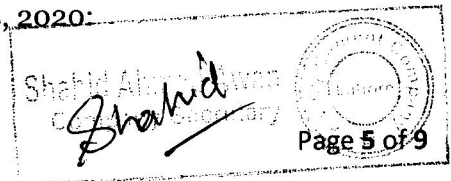
During the meeting, the Board of Directors of the Company discussed and approved the proposed issuance of further share capital by the Company by way of right issue. The Board of Directors of the Company stated that all requirements of the Companies Act, 2017 and the Companies (Further Issue of Shares) Regulations, 2020 have been considered by the Board of Directors of the Company and shall be duly complied with by the Company.

For the purposes of the right issue, the management has received confirmations from the substantial shareholders and all the directors of the Company that they will (i) subscribe to the right shares offered to them (or shall arrange for the subscription thereof) at least 3 (three) days before the commencement of trading; and (ii) ensure that the balance of the right issue i.e. other than the portion subscribed by the substantial shareholders and directors, will be adequately underwritten in accordance with applicable laws. The substantial shareholders and directors of the Company shall issue the requisite undertakings in such respect.

Accordingly, the following resolutions were passed by the Board of Directors:

RESOLVED THAT the ordinary paid up share capital of the Company be increased from **PKR 1,760,000,000/- (Pak Rupees One Billion Seven Hundred Sixty Million Only)** to **PKR 3,760,000,000/- (Pak Rupees Three Billion Seven Hundred Sixty Million Only)** by issue of a further **200,000,000 (Two Hundred Million)** ordinary shares of the Company of PKR 10/- (Pak Rupees Ten) each, to be offered to the shareholders of the Company in proportion to the number of shares held by each shareholder (i.e. as right shares) in accordance with the provisions of Section 83 of the Companies Act, 2017 and all applicable laws, at a price of PKR 10/- (Pak Rupees Ten) per share (i.e. at par), in the ratio of approximately **113.64** right shares for every 100 ordinary shares of PKR 10/- (Pak Rupees Ten) each held (i.e. **113.64%**) against payment to the Company of the price for the shares subscribed, which shares shall rank *pari passu* in all respects with the existing ordinary shares of the Company (the "**Right Issue**").

FURTHER RESOLVED THAT the following are the quantum, size, price and purpose of the Right Issue, along with the utilization of proceeds, benefits of the same to the Company and its shareholders and the risk factors associated with the Right Issue, in accordance with Regulation 3(1)(iii) of the Companies (Further Issue of Shares) Regulations, 2020:





FLYING CEMENT COMPANY LIMITED

(a) Quantum of the Right Issue (i.e. as a percentage of existing paid-up capital)

The quantum of the Right Issue is approximately **113.64%** of the existing paid-up capital of the Company i.e. **113.64** right shares for every 100 ordinary shares held by the shareholders of the Company.

(b) Right Issue Size

The Company shall issue **200,000,000 (Two Hundred Million)** ordinary shares, at a price of **PKR 10/- (Pak Rupees Ten)** per share, aggregating to **PKR 2,000,000,000/- (Pak Rupees Two Billion Only)**.

(c) Right Issue Price

PKR 10/- (Pak Rupees Ten) per share (i.e. at par).

(d) Purpose of the Right Issue

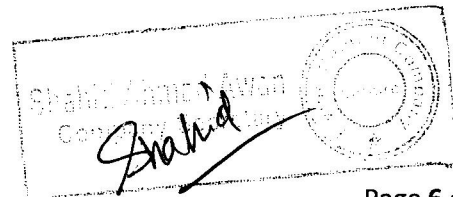
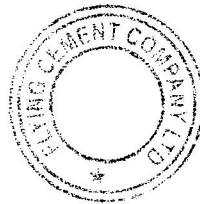
The purpose of the Right Issue is to raise funds to primarily enable the Company to meet a portion of its capital requirements to, *inter alia*, effectively implement its business expansion plan with regard to the ongoing capacity enhancement of Line-2 to 7,700 (Seven Thousand Seven Hundred) Tons per day of clinker, enhance the working capital requirements, and improve the Company's debt equity ratio.

(e) Utilization of Proceeds of the Right Issue

The proceeds from the Right Issue will be primarily utilized for meeting the capital expenditure requirements of the Company for Line 2 and enhanced working capital requirements, along with repaying certain loans availed by the Company, with the objective to increase the Company's profitability and financial ratios.

(f) Benefits to the Company and Shareholders

The subscription amount from the Right Issue will enable the Company to implement its business expansion plans and to make available the required liquidity for meeting its capital expenditure and enhanced working capital requirements. Subject to any adverse impacts which may arise due to any decline in the economic situation, the business plan is expected to positively impact the profitability and future prospects of the Company, which, consequently, would benefit the shareholders in the form of a future pay out and capital appreciation of their share value.





FLYING CEMENT COMPANY LIMITED

(g) Risk Factors associated with the Right Issue, if any

The Right Issue of the Company is being carried out at par value, which is less than the current share price in the market, and hence there is no major investment risk associated with the Right Issue. The substantial shareholders and directors of the Company have confirmed that they shall subscribe to (or arrange the subscription of) their respective right entitlements, while the balance portion of the Right Issue shall be fully underwritten as per requirements under the applicable regulations. Normal risks associated with the business will remain; however, the Company is well equipped to reasonably mitigate such risk factors.

FURTHER RESOLVED THAT the letter of offer, as prescribed under Section 83(2) of the Companies Act, 2017, shall be issued / signed by any 2 directors of the Company in compliance with the applicable laws.

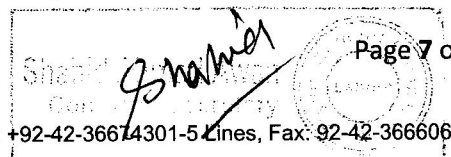
FURTHER RESOLVED THAT all fractional entitlements, if any, will be consolidated in the name of **Mr. Kamran Khan, the Chairman/Director** and unpaid letters of right in respect thereof shall be sold on the Pakistan Stock Exchange Limited, the net proceeds from which sale, once realized, shall be distributed / paid to the entitled shareholders in proportion to their respective entitlements, as per the applicable regulations.

FURTHER RESOLVED THAT any unsubscribed shares may be offered and allotted to such persons as the directors may deem fit in accordance with Section 83(1)(a)(iv) of the Companies Act, 2017, including the sponsors / substantial shareholders, directors or associated undertakings of the Company or any third party, before calling upon the underwriters to subscribe to any unsubscribed shares.

FURTHER RESOLVED THAT the Company be and is hereby authorized to close its share transfer books from **March 23, 2021 to March 30, 2021** (both days inclusive) to determine entitlements of the shareholders of the Company with respect to the Right Issue.

FURTHER RESOLVED THAT the **Chairman/Director Mr. Kamran Khan and / or Director Mr. Momin Qamar and / or the Company Secretary** be and are hereby severally authorized, such that any one of them may do all or any of the following for and on behalf, and in the name, of the Company:

- i. Appoint / negotiate with consultants / advisors / auditors and underwriter(s) to the Right Issue, to finalize terms and conditions and sign underwriting agreements(s), other documents and settle / finalize fees, underwriting commission, take up commission and third party expenses and / or any other expenses relating to the Right Issue;
- ii. To prepare the schedule for issue of right shares including date of payment, and to make any amendment in the said schedule, appointment of banker(s) to the issue, announce (and amend) book closure dates, and to take all necessary actions, in respect of the Right Issue and ancillary matters thereto, as required by the Securities and Exchange



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Head Office: 1-Sarwar Colony, Sarwar Road, Lahore Cantt. Pakistan. Phone: +92-42-36674301-5 Lines, Fax: 92-42-36660693

E-mail: info@flyingcement.com Website: www.flyingcement.com



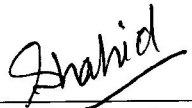
FLYING CEMENT COMPANY LIMITED

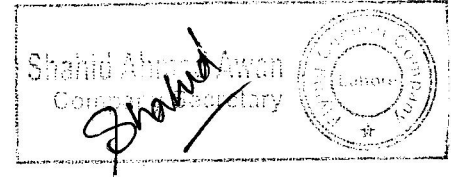
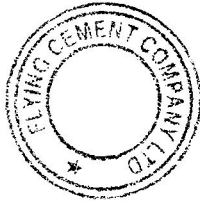
Commission of Pakistan ("SECP") / Pakistan Stock Exchange Limited ("PSX") / Central Depository Company of Pakistan Limited ("CDC") (including, but not limited to, induction of the offer for right shares in the Central Depository System of the CDC) or any other authority;

- iii. To open, maintain, operate and close bank accounts for the purpose of amounts received from subscription of rights shares;
- iv. To credit right shares, once allotted by the Board, and file returns / documents as required by SECP / PSX / CDC along with the auditors' certificates; and
- v. To take all other necessary steps, and do all other acts, deeds and things, to prepare the offer letter, circular and schedule for issue of right shares and any other documents and to make any amendment in the said documents and schedule and to take all necessary action as may be required in this regard including execution of any documents and agreements or any ancillary or incidental actions to give effect to the above resolutions.

Certified that the above mentioned is a true and valid extract from the meeting of the Board of Directors of held at Head Office: 1-Sarwar Colony, Sarwar Road, Lahore-Cantt, Lahore on March 10, 2021.

For Flying Cement Company Limited


Shahid Ahmad Awan
(Company Secretary)



March 10, 2021



FLYING CEMENT COMPANY LIMITED

Annexure C

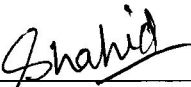
NOTICE OF RIGHT ISSUE AND BOOK CLOSURE

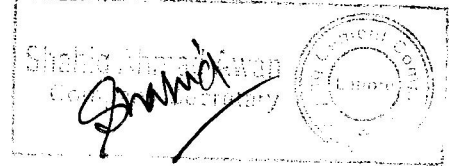
Members are hereby notified that the Board of Directors of **Flying Cement Company Limited** (the "**Company**") in their meeting held on March 10,, **2021** has decided to issue further capital by offering **200,000,000** (Two Hundred Million) ordinary right shares of PKR 10/- (Pak Rupees Ten) each at a price of PKR 10/- (Pak Rupees Ten) per share (i.e. at par value), in the ratio of approximately **113.64** right shares for every 100 existing ordinary shares of PKR **10/-** (Pak Rupees Ten) each held (i.e. **113.64%**), against payment to the Company of the price of the shares subscribed by the shareholders, which shares shall rank *pari passu* in all respects with the existing ordinary shares of the Company.

The Share Transfer Books of the Company will remain closed from **March 23, 2021 to March 30, 2021** (both days inclusive) to determine the entitlements of the shareholders of the Company. Physical transfers / CDS Transaction IDs received at the Company's share registrar **THK Associates (Pvt.) Limited, Plot no. 32-C, Commercial Street 2, D.H.A Phase VII, Karachi-7550 Pakistan, Tel: +92 21 111-000-322, Ext, 111 to 115, Email: sfc@thk.com**, by the close of business (5:00 pm) on **March 22, 2021** will be considered in time for entitlement of right shares.

Yours Sincerely,

For **Flying Cement Company Limited**


Shahid Ahmad Awan
(Company Secretary)



March 10, 2021