



# FAZAL CLOTH MILLS LIMITED



FCML/1476/1166

February 17, 2022

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 10.03.2022, at 11:00 A.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,

*For Fazal Cloth Mills Ltd.*

*Asad Mustafa*  
*Secretary*

**(ASAD MUSTAFA)**

Company Secretary.

Encl: As Above.

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Head Office: 59/3, Abdali Road, Multan.

Ph: +92 061 4579001-7, +92-61-4782796, +92-61-4573339-8, Fax: +92-061-4541832

E-mail: [info@fazalcloth.com](mailto:info@fazalcloth.com), Website: [www.fazalcloth.com](http://www.fazalcloth.com)

Registered Office: 69/7, Abid Majeed Road, Survey # 248/7, Lahore Cantt, Ph: +92 042-36684909





# FAZAL CLOTH MILLS LIMITED



## NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an **Extra Ordinary General Meeting** of the shareholders of Fazal Cloth Mills Limited (the “**Company**”) will be held on Thursday, March 10, 2022 at 11 a.m. at FG Head Office, E/110, Khayaban-e-Jinnah, Defence Chowk, Lahore to transact the following business.

### ORDINARY BUSINESS:

To confirm the Minutes of the 56 Annual General Meeting of the Company held on October 27, 2021.

### SPECIAL BUSINESS:

To consider and if deemed fit, to pass the following special resolution(s), with or without any modification(s), addition(s) or deletion(s) in terms of Section 199 of the Companies Act, 2017:

**RESOLVED THAT** approval be and is hereby accorded and Fazal Cloth Mills Limited (the “**Company**”) be and is hereby authorized to change the terms and conditions of the long-term investments in Fatima Energy Limited (the “**FEL**”) approved by the shareholders under Section 199 by including conversion feature whereby the loans/advances provided / to be provided to the FEL pursuant to the already passed special resolutions on May 30, 2017, October 27, 2018 and November 26, 2020 may be convertible into non-cumulative, redeemable, non-voting, participatory Preference Shares of the FEL, as may be decided by the Board of Directors of the Company from time to time in accordance with the terms and conditions provided in the statement of material facts annexed to the notice of the meeting.

**RESOLVED FURTHER THAT** the above investment in Preference Shares of FEL categorized as equity investment up to the extent of PKR 9,000 million in conversion of loan/advances already provided/to be provided to FEL on the terms and conditions disclosed in the statement of material facts annexed to the notice of meeting be and is hereby approved. The investment by way of convertible loan/advance as approved above shall be adjusted against the rights offer from FEL and/or by subscribing to any un-subscribed portion of rights offered to the Company, in a manner as approved by the Board of Directors in the best interest of the Company.

**RESOLVED FURTHER THAT** the Chief Executive Officer and Company Secretary be and is hereby singly authorized to do all acts, deeds and things, take any or all necessary actions to complete all legal formalities and file all necessary documents as may be necessary or incidental for the purpose of implementing the aforesaid resolutions.

**RESOLVED FURTHER THAT** each of the aforesaid special resolutions shall remain valid and in full force and effect until the Company’s obligations are discharged or until it is revoked or amended by another special resolution.

A statement under Section 134(3) of the Companies Act, 2017 pertaining to the aforesaid special business is annexed to this notice circulated to the shareholders.

MULTAN

Dated: [February 17, 2022].

BY ORDER OF THE BOARD

For Fazal Cloth Mills Ltd.

Asad Mustafa

Company Secretary

Head Office: 59/3, Abdali Road, Multan.

Ph: +92 061 4579001-7, +92-61-4782796, +92-61-4573339-8, Fax: +92-061-4541832

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## NOTES:

1. The Share Transfer Books of the Company will remain closed from March 03, 2022 to March 10, 2022 (both days inclusive). Physical transfers / CDS Transaction IDs received at the Company's Shares Registrar, M/s. Vision Consulting Limited, 3-C, LDA Flats, Lawrence Road Lahore ph: +92 042 36375531, at the close of business on March 02, 2022 will be considered in time for the purpose of above entitlement and to determine voting rights of the shareholders for attending the meeting. Any change in address should be immediately notified to the Shares Registrar and or Company by the shareholders.
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, Account & participant's ID number to prove identity. 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 must bring the board resolution and / or power of attorney and specimen signature of nominee. Form of proxy in English and Urdu languages is attached herewith.
3. The corporate shareholders having CDC accounts are required to have their National Tax Numbers (NTNs) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or its Shares Registrar.
  - a. For any query / information, the shareholders may contact with the Company Secretary and / or the Shares Registrar of the Company.
4. The Company has also made arrangements to ensure that all participants, including shareholders, can now participate in the EGM proceedings via video link. For this, members are required to email their Name, Folio Number, Cell Number and Number of shares held in their name with subject "Registration for Fazal Cloth Mills Limited" along with valid copy of both sides of Computerized National Identity Card (CNIC) at [corporate@fazalcloth.com](mailto:corporate@fazalcloth.com) Video link and login credentials will be shared with only those members whose emails, containing all the required particulars, are received at least 48 hours before the time of EGM. Shareholders can also provide their comments and questions for the agenda items of the EGM at the above email address.



### **Statements under Section 134(3) of the Companies Act, 2017- Special Business**

This statement sets out the material facts pertaining to the special business to be transacted at the extraordinary general meeting of Fazal Cloth Mills Limited (the “**Company**”) to be held on March 10, 2022.

#### **Change in the terms and conditions of already approved investments in Fatima Energy Limited:**

Fatima Energy Limited (the “**FEL**”) was incorporated in Pakistan on June 22, 2004 as a public Company limited by shares under the Companies Ordinance, 1984 (now Companies Act, 2017). The principal activity of FEL is to build, own and operate a co-generation power plant of 120 MW. M/s Fazal Cloth Mills Limited (the “**Company**”) is one of the sponsoring shareholders of FEL.

The Company has already made investments in the share capital of FEL and also provided loans/advances under the authority of the following special resolutions passed by the shareholders in accordance with the provisions of Section 199 of the Companies Act, 2017 (the “**Act**”).

- (a) Special resolution dated 30 May, 2014 for equity investment of upto PKR 2,650 Million in FEL;
- (b) Special resolution dated 30 May, 2017 for investment of upto PKR 500 million in FEL as loan/advance and for enter into sponsor support agreements with FEL and its lenders for investment of upto maximum of PKR 9,028 million in FEL as loan/advance in the event of default by FEL;
- (c) Special resolution passed on 27 October, 2018 for investment of upto PKR 2,000 million in FEL as loan/advance;
- (d) Special resolution passed on 26 November, 2020 for investment of upto PKR 500 million in FEL as loan/advance and for entering into second amended & restated sponsor support agreement, share pledge agreement, share retention agreement and subordination agreement with FEL and its lenders for investment of upto PKR 6,000 million in FEL as loan/advance in the event of default by FEL against amount of Rs 9,028 million as approved by shareholders on May 30, 2017;

The Company has as of 31 December, 2021 made following investments in FEL:

- (a) Equity investment of PKR 1,083 million for 108,300,000 ordinary shares of PKR 10 each;
- (b) Investment of PKR 2,943 million as loan/advance under the authority of above special resolutions as against approved limit of Rs 3,000 million ( Rs 500 million on May 30, 2017, Rs 2,000 million on October 27, 2018 & Rs 500 million on November 26, 2020);
- (c) Investment of PKR 400 million as loan/advance under the authority of above special resolutions against approved limit of Rs 6,000 million as sponsors support.

The Board of Directors of FEL has decided to issue preference shares of PKR 10 each in the ratio of 192.98246 preference shares for every 100 existing ordinary shares held by the members of the Company at Par. Accordingly, the Company has been offered 209,000,003 Preference Shares on the Company's shareholding of 108,300,000 shares in FEL amounting to PKR 2,090,000,030. The fair value of preference share of FEL is approximates to par value i-e Rs 10.82 per share.

The shareholders of FEL have approved the following terms and conditions of the issuance of preference shares.

Description of different kind of shares such as ordinary shares and preference shares; Issuance of non-cumulative, redeemable, non-voting, participatory Preference shares which are convertible at the options of FEL in a manner as provided hereunder in the description of differential rights

Description of different rights such as different class in each kind, rights and privileges attached to each class or kind of capital; Preference shares of FEL shall carry the following rights and privileges and be subject to the terms and conditions stated hereunder:

- ✓ Preference shares shall be unlisted, non-voting, non-cumulative, participatory, convertible and redeemable at the option of the FEL;
- ✓ Preference shareholders shall be entitled up to 60% of the profit after tax as dividend subject to discretion of the Board of the Directors and approval of shareholders of FEL and completion of necessary formalities. Preference shall be given to Preference Shareholders before declaring dividend to ordinary shareholders;
- ✓ If the FEL has no surplus/distributable profits available at the end of any financial, no dividend shall be declared;
- ✓ Any dividend not declared/announced in any financial year shall not accumulate towards entitlement of dividend in future years;
- ✓ Preference shares shall not carry any entitlement of ordinary dividend, rights shares or bonus shares, save as specified in Article 6A of FEL;
- ✓ Preference shareholders shall neither be entitled to receive notices and attend general meetings nor shall they be entitled to presumptive rights in respect of any further issue of ordinary share capital by FEL;
- ✓ In the event of winding up of FEL or repayment of the capital, the holders of the preference shares are entitled to a pro rata share of FEL's available net assets;
- ✓ The Preference Shares shall, subject to Section 83 of the Companies Act, 2017 be redeemable at par value solely at the option of the FEL after 21.5 years. Provided that, in case of partial redemption of outstanding Preference Shares, only whole shares shall be redeemed and such redemption shall be on pro rata basis for all preference shareholders;
- ✓ FEL may convert the Preference Shares into ordinary shares at ratio of one ordinary shares for every one preference shares held (1:1) after five years;
- ✓ The face value of preference shares shall not be higher than the par value of existing ordinary shares i.e. PKR =10/= each;

- ✓ Preference shares shall be transferrable among the Preference shareholders; and
- ✓ The Preference Shares shall rank pari passu inter-se each other.

The Board of Directors of the Company has decided to approve the subscription of preference shares as under:

- (a) Subscription of 334,207,711 preference shares offered as right shares amounting to PKR 3,342,077,110 against conversion of outstanding loans/advance as at December 31, 2021;
- (b) Subscription of upto 565,792,289 preference shares amounting to PKR 5,657,922,890 against conversion of outstanding loans/advance, to be provided, as may be offered to the Company by FEL in future;

### **Inspection of Documents**

All the relevant documents including previously passed special resolutions for investments in FEL, due diligence report, shareholding details of directors and associated companies, terms and conditions of the Preference Shares, fair valuation report of shares of FEL have been placed at the Registered Office of the Company which can be inspected from the date of this notice till the date of the meeting. The same will also be available during the course of the meeting for inspection of members.

### **Directors' Interest**

The Directors are not interested, directly or indirectly, in the aforesaid special businesses except to the extent of Fazal Holdings (Private) Limited an associated company which holds 9.25% shares in FEL and 24.49% shareholding of the Company.

### **Information under Regulation 3 (1) of The Companies' (Investment in Associated Companies or Associated Undertakings) Regulations, 2017**

<b>(a) Disclosure for all types of investments</b>				
<b>(A) Regarding associated company or associated undertaking: -</b>				
	<b>Investment in Preference Shares</b>			
(i) Name of associated company or associated undertaking	Fatima Energy Limited (FEL)			
(ii) Basis of relationship	Common control.			
(iii) Earnings per share for the last three years (PKR)	June 30, 2021 PKR (0.34) / share June 30, 2020 PKR (1.19) / share June 30, 2019 PKR (0.49) / share			
(iv) Break-up value per share, based on the latest audited financial statements	PKR 7.727 per share approx. based on the audited financial statements for the period ended June 30, 2020.			
(v) Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements; and	<b>Particulars</b>		<b>FEL (PKR in million) As of June 30, 2021</b>	

	<table> <tr> <td>Paid up capital</td><td>5,700</td></tr> <tr> <td>Accumulated loss</td><td>(1,491)</td></tr> <tr> <td>Total liabilities</td><td>31,244</td></tr> <tr> <td>Total assets</td><td>35,455</td></tr> <tr> <td>Net assets</td><td>4,208</td></tr> <tr> <td>Sales</td><td>1,248</td></tr> <tr> <td>Net Profit/loss</td><td>(195)</td></tr> </table>	Paid up capital	5,700	Accumulated loss	(1,491)	Total liabilities	31,244	Total assets	35,455	Net assets	4,208	Sales	1,248	Net Profit/loss	(195)
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<p>(vi) In case of investment in relation to a project of associated company or associated undertaking <b>that has not commenced operations</b>, following further information, namely: (I) description of the project and its history since conceptualization;</p> <p>(II) starting date and expected date of completion of work;</p> <p>(III) time by which such project shall become commercially operational;</p> <p>(IV) expected time by which the project shall start paying return on investment; and</p> <p>(V) funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts;</p>	<p>(I) Fatima Energy Limited was incorporated in Pakistan on June 22, 2004 as a public company under the Companies Ordinance, 1984 (now Companies Act, 2017). The principal activity of the Company is to build, own, operate and maintain a co-generation power plant of 118.8 MW (the "Project"). The Project is located at Sanawan, Tehsil Kot Addu, District Muzaffargarh in the province of Punjab. The FEL generation license allows to sell power to Bulk Power Consumers as well as to the CPPA (G).</p> <p>(ii) The project was taken over from EPC contractor in May 2017 and duly tested through dispatch during the period from August 2019 to December 2019 under wheeling arrangement. Work already completed and plant is operational with one line of 60 MW operating and generating power for dispatch to its Bulk power consumers (BPCs)</p> <p>(iii) FEL has currently applied to various DISCOs for Energy Wheeling Agreement (the EWA) which is in process, however, the EWA with MEPCO is already in place and FEL has supplied power to various export sector companies under this agreement during the last years. Since the wheeling concept is being practiced first time by many DISCOs therefore, approval of energy wheeling agreement is taking time thereby delaying substantially optimum generation and output. As soon as the EWAs are executed with DISCOs, FEL shall start operations immediately at full capacity.</p> <p>(iv) In addition to above, the management of FEL expects that it would be able to achieve its optimum capacity shortly, which will enable sufficient cash inflows to repay its obligations as well as payout to its shareholders. However, the FEL will pay dividends after its obligation to its lenders is settled in full.</p> <p>(v) Funds invested by Sponsors / associated undertakings</p> <table> <tr> <th><u>Investment as Loan/Advance</u></th><th>Amount</th></tr> <tr> <th>Name of Sponsor</th><th>PKR million</th></tr> </table>	<u>Investment as Loan/Advance</u>	Amount	Name of Sponsor	PKR million										
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<b>(B) General Disclosure: -</b>																													
(I) maximum amount of investment to be made;	<p>This is change in terms and conditions of investment of upto PKR 9,000 million in the form of loans/advances approved by the shareholders. Conversion of loan into preference shares of FEL will be to extent of PKR 9,000 million.</p> <p>Out of PKR 9,000 million, the Company has actually provided loan of PKR 3,342 million to date which will be converted into preference shares along with further conversion of loans and advances to be made.</p>																												
(II) purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	<p>Preference Shares are equity investment, however, they will be entitled to 60% of the profits of the company as per terms of the issue of preference shares by way of distribution of dividend which will enhance the profitability of the Company on receipt of such dividends.</p> <p>Tenure of the preference shares shall be 21.5 years.</p> <p>Preference Shares shall have priority over any other distributions made by the Company, apart from having right over the remaining surplus assets of the Company.</p> <p>As per financial projections of FEL for a period of thirty years, as approved by its board and evaluated by independent valuer, the FEL will discharge its liabilities towards its lender banks till year 4 and cash will be available for dividend from year 7.</p>																												



	<p>Whereas, any remaining amount of investment will continue earning mark up at rates not less than the borrowing cost of the Company. The Company has already provided PKR 3,342 million out of the approved limit of PKR 9,000 million by the shareholders of the Company. The gains accrued to the investee company shall become part of the gains to the Company as a shareholder and also as a Preference Shareholder.</p>
(III) sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds justification for investment through borrowings; detail of collateral, guarantees provided and assets pledged for obtaining such funds; and cost benefit analysis;	<p>The loan/advances already approved by the shareholders were made/will be made from internal cash generations of the Company.</p>
(IV) salient features of the agreement(s), if any, with associated company or associated undertaking	<p>The shareholders of the Company have already approved the investment of upto PKR 9,000 million out of which PKR 3,342 million has already been disbursed. The approval is being sought to convert the above loans into preference shares through preference shares offered / to be offered in future.</p> <p>Following are the terms and conditions of issue of preference Shares</p> <ol style="list-style-type: none"> <li>1. Description of different kind of shares such as ordinary shares and preference shares;</li> </ol> <p>Issuance of non-cumulative, redeemable, non-voting, participatory Preference shares which are convertible at the options of FEL in a manner as provided hereunder in the description of differential rights</p> <ol style="list-style-type: none"> <li>2. Description of different rights such as different class in each kind, rights and privileges attached to each class or kind of capital;</li> </ol> <p>Preference shares of FEL shall carry the following rights and privileges and be subject to the terms and conditions stated hereunder:</p> <ul style="list-style-type: none"> <li>✓ Preference shares shall be unlisted, non-voting, non-cumulative, participatory, convertible and redeemable at the option of the FEL;</li> <li>✓ Preference shareholders shall be entitled up to 60% of the profit after tax as dividend subject to discretion of the Board of the Directors and approval of shareholders of FEL and completion of</li> </ul>

	<p>necessary formalities. Preference shall be given to Preference Shareholders before declaring dividend to ordinary shareholders;</p> <ul style="list-style-type: none"> <li>✓ If the FEL has no surplus/distributable profits available at the end of any financial, no dividend shall be declared;</li> <li>✓ Any dividend not declared/announced in any financial year shall not accumulate towards entitlement of dividend in future years;</li> <li>✓ Preference shares shall not carry any entitlement of ordinary dividend, rights shares or bonus shares, save as specified in Article 6A of FEL;</li> <li>✓ Preference shareholders shall neither be entitled to receive notices and attend general meetings nor shall they be entitled to presumptive rights in respect of any further issue of ordinary share capital by FEL;</li> <li>✓ In the event of winding up of FEL or repayment of the capital, the holders of the preference shares are entitled to a pro rata share of FEL's available net assets</li> <li>✓ The Preference Shares shall, subject to Section 83 of the Companies Act, 2017 be redeemable at par value solely at the option of the FEL after 21.5 years. Provided that, in case of partial redemption of outstanding Preference Shares, only whole shares shall be redeemed and such redemption shall be on pro rata basis for all preference shareholders;</li> <li>✓ FEL may convert the Preference Shares into ordinary shares at ratio of one ordinary shares for every one preference shares held (1:1) after five years;</li> <li>✓ The face value of preference shares shall not be higher than the par value of existing ordinary shares i.e. PKR =10/= each;</li> <li>✓ Preference shares shall be transferrable among the Preference shareholders; and</li> <li>✓ The Preference Shares shall rank pari passu inter-se each other.</li> </ul> <p>3. Whether the shares are being issued as right or other than right;</p>
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	<p>Shares shall be issued as “Rights Issues”</p> <p>4. Whether payment of dividend on preference shares is on cumulative or non cumulative basis;</p> <p>Non-cumulative</p> <p>5. In case the shares being issued are convertible into ordinary shares, then mode, mechanism and manner of such conversion;</p> <p>In case of conversion of preference shares into ordinary shares, the same shall be converted at par value only as and when such redemption is applicable and/or due, without any further offer of rights and the ordinary shares so issued to preference shareholders shall rank pari-passu with all existing shareholders of the Company.</p> <p>6. Any other feature</p> <p>The rights and privileges of preference shareholders shall remain in force till redemption or conversion of their shares.</p> <p>In case of failure by the FEL to follow terms and conditions, the preference shareholders shall give a 90 days’ notice to the FEL to rectify the non-compliance. In case of further non-compliance of another 90 days, the Preference Shareholders shall have the right to convert the preference shares approved for issuance under resolutions stated above, in full or in any proportion as they may deem fit, into ordinary shares by giving 90 days’ notice to the FEL. The FEL is authorized to issue shares to such Preference Shareholders accordingly.</p>
<p>(V) 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;</p>	<p>The Directors are not interested, directly or indirectly, in the aforesaid special businesses except to the extent of Fazal Holdings (Private) Limited an associated company which holds 9.25% shares in FEL and 24.49% shareholding of the Company.</p> <p>The list of shareholdings of Directors in the Company and its associated companies is available for inspection by the shareholders. FEL does not hold any share in the Company.</p> <p>One of the Director of FEL namely Mr. Fazal Ahmad Sheikh holds 2,041,611 No. of Shares (6.81%) in the Company.</p>

Six Directors of the company namely Mr. Muhammad Mukhtar Sheikh, Faisal Mukhtar, Fahd Mukhtar, Rehman Naseem, Amir Naseem and Mr. Naseem Ahmad hold following shares through Fatima Holdings Ltd which holds 54% in FEL, Fazal Cloth Mills Ltd which holds 19% in FEL, Reliance Weaving Mills Ltd which holds 15% in FEL and Fazal Holdings Pvt Ltd which holds 9.25% in FEL;

Name of Directors of Fazal Cloth Mills Ltd	Shares Held in Fatima Holdings Ltd		Shares Held in Fazal Cloth Mills Ltd		Shares Held in Reliance Weaving Mills Ltd		Shares Held in Fazal Holdings Pvt Ltd	
	No.	%	No.	%	No.	%	No.	%
Mr Muhammad Mukhtar Sheikh	1,930,495	1.6	1,012,969	3.38	-	-	-	-
Mr Faisal Ahmed Mukhtar	35,165,826	30	2,039,865	6.8	7,886,071	25.6	-	-
Mr Fahd Mukhtar	5,582,870	1.93	579,715	1.93	25,000	0.08	-	-
Mr. Rehman Naseem	-	-	3,101,320	10.34	-	-	1950	48.75
Mr. Amir Naseem	-	-	82,828	0.28	-	-	100	2.5
Mr. Naseem Ahmad	-	-	8,820	0.0294	-	-	100	2.5
	42,679,191	34	6,825,517	23	7,911,071	26	2,150	54

(VI) in case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information / justification for any impairment or write offs; and

The Company has already made an equity investment in the share capital of the Company of PKR 1,083 million.

Investment by way of long-term loan/advance have also been made of PKR 3,342 million in the investee company out of the total approval limit of PKR 9,000 million

The financial position and performance of Investee Company as at June 30, 2017 is as under:

Particulars	FEL (PKR in million)
Paid up capital	5,669
Accumulated loss	(171)
Total liabilities	21,780
Total assets	27,278
Sales	-
Net assets	5,498
Net Profit/loss	(62)

The Financial Position and Performance as of June 30, 2021 of the investee company:



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Paid up capital	5,700																		
Accumulated loss	(1,491)																		
Total liabilities	31,244																		
Total assets	35,455																		
Sales	1,248																		
Net Assets	4,208																		
Net Profit/loss	(195)																		
	There is no impairment / write off occurred on said loans/equity investments.																		
(VII)any other important details necessary for the members to understand the transaction;	The requisite information has been provided in this notice of EOGM, however, any shareholder can request further information from the Company Secretary of the Company by sending an email and/or can inspect the documents of the Company placed for inspection of the shareholders from the date of notice till the date of meeting.																		

(b) In case of equity investment, following disclosures in addition to those provided under clause (a) of sub-regulation 3 shall be made;

(i) Maximum price at which securities will be acquired	PKR 10/- per preference share
(ii) In case the purchase price is higher than market value in case of listed securities and fair value in case of unlisted securities, justification thereof;	Purchase price is not higher than fair value of security
(iii) Maximum number of securities to be acquired;	<p>The conversion of loan invested as per Approved Limit into Preference Shares is based on the outstanding amount of loan divided by PKR 10 each to come to the amount of Preference Shares to be issued.</p> <p>(a) Subscription of 334,207,711 preference shares offered as right shares amounting to PKR 3,342,077,110 against conversion of outstanding loans/advance as at December 31, 2021;</p> <p>(b) Subscription of upto 565,792,289 preference shares amounting to PKR 5,657,922,890 against conversion of outstanding loans/advance, to be provided, as may be offered to the Company by FEL in future;</p>

(iv) Number of securities and percentage thereof held before and after the proposed investment;	FEL is raising its preference shares capital by issuance of 1,100,000,000 preference shares of PKR 10 each. The Company will hold 31% of preference share capital. The Company also held 19% of paid up ordinary share capital.
(v) Current and preceding twelve weeks' weighted average market price where investment is proposed to be made in listed securities; and	Not Applicable as conversion of loan is / will be in unlisted security of FEL.
(vi) Fair value determined in terms of sub-regulation (1) of regulation 5 for investment in unlisted securities;	PKR 10.82 per share

**Statement Under Regulation 4 (2) of the Investment in Associated Companies' Regulations, 2017**

<b>Name of Investee Company</b>	<b>Fatima Transmission Company Limited (FTCL)</b>		<b>Fatima Energy Limited (FEL)</b>	
<b>Total investment approved</b>	Rs. 300,000,000 loan was approved in AGM on October 31, 2015 and will be repayable within ten year from date of disbursal. Period of Investment till Oct 15, 2024.	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 up to Rs 9028 million. In AGM dated November 26, 2020 shareholders approved reduction in investment from Rs 9028 million to Rs 6000 million.	Rs. 500,000,000 loan investment was approved in AGM on Nov 26, 2020 with period of investment till Oct 15, 2023.

<b>Amount of investment made to date</b>	Rs 127,956,533	NIL	Rs 400 M	Rs 442,077,112
<b>Reasons for not having made complete investment so far where resolution required it to be implemented in specific time</b>	Further funds request has not yet been made by the investee company.	As per terms and conditions of approval; the payment shall be made as and when required.	As per terms and conditions of approval; the payment shall be made as and when required.	Further investment will be made depending on demand received from investee company
<b>Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company.</b>	<u><b>As at June 30, 2015</b></u> Earning per share (EPS) was Rs (8.78) / share Breakup value per share (B/E) was Rs 1.22 /share  <u><b>As at June 30, 2021</b></u> EPS: Rs (2.53)/share B/E: Rs (1.87) /share	<u><b>As at June 30, 2016</b></u> Earning per share (EPS) was Rs (0.22) / share Breakup value per share (B/E) was Rs 5.38 /share  <u><b>As at June 30, 2021</b></u> EPS: Rs (2.53)/share B/E: Rs (1.87) /share	<u><b>As at June 30, 2016</b></u> Earning per share (EPS) was Rs (0.082) / share Breakup value per share (B/E) was Rs 9.8 /share  <u><b>As at June 30, 2021</b></u> EPS: Rs (0.34)/share B/E: Rs 7.38 /share	

The directors of the Company certify that while presenting these special resolutions for making investment including conversion option in FEL they have carried out necessary due diligence for the proposed investment before recommending it for members' approval. Duly signed recommendation of the due diligence report shall be made available to the members in the meeting for inspection along with latest audited financial statements of the associated company.