



# FAZAL CLOTH MILLS LIMITED



FCML/Sect/PSX/1410

Dated: June 20, 2023

The General Manager,  
Pakistan Stock Exchange Ltd.,  
Stock Exchange Building,  
Stock Exchange Road,  
Karachi.

Sub: CERTIFIED TRUE COPY OF RESOLUTIONS PASSED AND ADOPTED BY MEMBERS AT THE EXTRA ORDINARY GENERAL MEETING OF THE COMPANY HELD ON JUNE 20, 2023

Dear Sir,

In compliance of clause 5.6.9.(b) of Rule Book of Pakistan Stock Exchange Limited, please find attached certified true copy of resolutions passed and adopted by the members at the Extra Ordinary General Meeting of the Company held on June 20, 2023 at 11:30 A.M. at Lahore.

The above is submitted for the information of Exchange.

Thanking you,

Yours faithfully,  
For Fazal Cloth Mills Limited

Azher Iqbal, ACA  
Company Secretary

Copy to:

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

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

**RESOLUTIONS PASSED AND ADOPTED BY MEMBERS AT THE EXTRA ORDINARY GENERAL  
MEETING OF THE COMPANY HELD ON JUNE 20, 2023 AT LAHORE**

**SPECIAL BUSINESS**

The following resolutions were adopted and passed as “Special Resolutions” by the shareholders of the Company:

**1. INCREASE THE AUTHORIZED CAPITAL OF THE COMPANY**

**RESOLVED THAT** the authorized capital of the Company be and hereby increased from Rs. 700,000,000 (Rupees Seven hundred million only) to Rs. 1,700,000,000 (One billion seven hundred million only) divided into 140,000,000 (One hundred forty million) ordinary shares of Rs. 10 each and 30,000,000 (Thirty Million) Cumulative preference shares of Rs. 10 each and Clause V of the Memorandum of Association of the Company and Articles 3 & 84 of the Articles of Association of the Company be and hereby amended to read as under:

**Clause V of the Memorandum of Association**

The capital of the Company is Rs. 1,700,000,000 (One billion seven hundred million only) divided into 140,000,000 (One hundred forty million) ordinary shares of Rs. 10 each and 30,000,000 (Thirty Million) Cumulative preference shares of Rs. 10 each. The Ordinary and Cumulative Preference Shares shall have the respective rights and benefits given by and in the article of the Company. The Company shall have the power to increase, reduce or recognize the capital of the Company and divide the Ordinary Share Capital of the Company for the time being into several classes in accordance with the provision of the law applicable for the time being.

**Article 3 of the Article of Association**

The present capital of the Company is Rs. 1,700,000,000 (One billion seven hundred million only) divided into 140,000,000 (One hundred forty million) ordinary shares of Rs. 10 each and 30,000,000 (Thirty Million) Cumulative preference shares of Rs. 10 each. The Ordinary Shares and Cumulative Preference Shares shall have the respective rights and benefits given by and in these Articles. The Company shall have the power to increase, reduce, or reorganize the capital of the Company and divide the shares capital of the Company for the time being into several classes in accordance with the provisions of the law applicable for the time being.

**Article 84 of the Article of Association**

The Board of Directors’ may at any time and from time to time pass a resolution that any sum

- a) for the time being standing to the credit of any reserve fund or reserve account of the Company, including premiums received on the issue of any shares or debentures of the Company, or
- b) being undivided net profits in the hand of the Company, be capitalized, and that such sum be appropriated as capital to and amongst the ordinary shareholders in the proportions in which they would have been entitled thereto if the same had been distributed by way of dividend on the ordinary shares, effective; and the Directors shall in accordance with such resolution apply such sum in paying up in full any unissued shares as bonus shares or debentures of the Company on behalf of the ordinary shareholders aforesaid, and appropriate such bonus shares or debentures and distribute the same credited as fully paid





up to any amongst such shareholders in the proportions aforesaid in satisfaction of the shares and interests of such shareholders in the said capitalized sum or otherwise deal with such sum as directed by such resolution. Where any difficulty arises in respect of any such distribution, the Directors may settle the same as they think expedient, and in particular they may fix the value for distribution of any fully paid-up shares or debentures, make cash payments to any shareholders on footing of the value so fixed in order to adjust rights, and vest any such shares or debentures in trustees upon such trusts for or for the benefit of persons entitled to share in the appropriation and distribution as may seem just and expedient to the Directors.

**FURTHER RESOLVED THAT** additional shares when issue shall carry equal voting rights and rank pari passu with the existing ordinary shares in all respect/matters in conformity with provisions of the Companies Act, 2017.

**FURTHER RESOLVED THAT** the aforesaid alteration in the Articles of Association of the Company shall be subject to any amendment, modification, addition or deletion as may be required, and such amendment, modification, addition or deletion shall not require fresh approval.

**FURTHER RESOLVED THAT** the Chief Executive Officer and / or Company Secretary of the Company be and is hereby singly authorized to take all necessary steps and execute documents including legal and corporate formalities and file all requisite documents with Securities & Exchange Commission of Pakistan as may be necessary or expedient for the purpose of giving effect to the spirit and intent of the above resolutions.

## **2. CONVERSION OF ACCRUED MARK UP INTO PREFERENCE SHARES**

**RESOLVED THAT** approval of the shareholders be and is hereby accorded and the Company be and is hereby authorized to change the terms and conditions of long-term investments in the form of loan provided to Fatima Energy Limited ("FEL") under the authority of special resolutions passed on May 30, 2017, October 27, 2018, November 26, 2020 and March 10, 2022 in terms of Section 199 of the Companies Act, 2017 by conversion of accrued markup (including future mark up till June 30, 2024) of upto PKR 2,000 million into 200 million non-voting, non-cumulative, participatory, redeemable preference shares of FEL, to be issued by FEL in accordance with the terms and conditions as per statement of material facts annexed to the notice of the meeting.

**RESOLVED FURTHER THAT** the non-voting, non-cumulative, participatory, redeemable preference shares of FEL to be issued in conversion of accrued mark-up (including mark up till June 30, 2024) shall be issued otherwise than in cash and otherwise than Right Offering by FEL and shall be subject to approval of Securities and Exchange Commission of Pakistan (the "Commission").

**RESOLVED FURTHER THAT** the Company be and is hereby authorized and empowered to incorporate any modification in these resolutions and/or the terms and conditions for issuance of preference shares as may be directed or advised by the Commission to the Company or the FEL without seeking fresh approval from the shareholders of the Company.

**RESOLVED FURTHER THAT** the Company be and is hereby authorized to make long term equity investment up to PKR 2,000,000,000 for 200,000,000 non-voting, non-cumulative, participatory,





redeemable preference shares to be issued by the FEL in conversion of accrued mark up (including mark up till June 30, 2024) from time to time and such investment shall be in addition to investment limits already approved by the shareholders on May 30, 2017, October 27, 2018 November 26, 2020 and March 10, 2022 and shall be subject to the terms and conditions as disclosed in the statement of material facts annexed to the notice of the meeting.

**RESOLVED FURTHER THAT** Chief Executive Officer and/or Chief Financial Officer and/or Company Secretary be and is/are hereby singly and/or jointly authorized to do all acts, deeds, things and to execute agreement(s), 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 resolutions shall remain valid and in full force and effect and shall be subject to the Company's obligations under Sponsors Support and other agreements as amended and executed inter alia with FEL and its lenders as approved by the shareholders through special resolutions until the Company's obligation under these agreements is discharged or it is revoked or amended by another resolution.

### **3. MAKING FURTHER INVESTMENT IN FATIMA ENERGY LIMITED**

**RESOLVED THAT** approval of the shareholders be and is hereby accorded and the Company be and is hereby authorized to make further long term equity investment of upto PKR 282 million in Fatima Energy Limited ("FEL") by way of subscribing 28,200,000 non-voting, non-cumulative, participatory, redeemable preference shares of the FEL under Section 199 of the Companies Act, 2017 offered to the Company as right shares or otherwise than right shares in accordance with the terms and conditions provided in statement of material facts annexed to the notice of the meeting.

**RESOLVED FURTHER THAT** directors of the Company be and are hereby empowered and authorized to make investment in preference shares of the FEL which may be made in single or multiple tranches (to be made from time to time over the period of three years from the date of approval) to the extent of PKR 282 million comprising 28,200,000 non-voting, non-cumulative, participatory, redeemable preference shares of the FEL as and when rights letter are offered to the Company and/or allocation of shares against unsubscribed rights portion is made by the Board of Directors of the FEL. This approval by the shareholders of the Company accounts for investment in multiple-tranches and does not require a separate individual approval for each tranche of preference right or otherwise than right shares, unless otherwise terms and conditions for issuance of preference shares are changed and reflected in Articles of Association of the FEL. The Board of Directors of the Company are fully authorized to undertake and complete all necessary corporate and regulatory formalities where required in respect of investment in single or multiple tranches for which they are also authorized to delegate their powers to the Chief Executive of the Company.

**RESOLVED FURTHER THAT** Chief Executive Officer and/or Chief Financial Officer and/or Company Secretary be and is/are hereby singly and/or jointly authorized to do all acts, deeds, things and to execute agreement(s), 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 resolutions shall remain valid and in full force and effect and shall be subject to the Company's obligations under Sponsors Support and other agreements as amended and executed inter alia with FEL and its lenders as approved by the shareholders through special resolutions until the Company's obligation under these agreements is discharged or it is revoked or amended by another resolution.

**4. CLARIFICATION OF THE TERMS OF REPAYMENT OF PRINCIPAL AND RELATED MARK-UP ON LOAN PROVIDED TO FEL, AN ASSOCIATED COMPANY UNDER THE AUTHORITY OF SPECIAL RESOLUTIONS**

**RESOLVED THAT** the terms of the repayment of loans/advances (including mark-up thereon) provided by the Company to Fatima Energy Limited (the "FEL") under the authority of special resolutions passed by the shareholders on May 30, 2017, October 27, 2018, November 26, 2020 and March 10, 2022 are clarified / ratified / confirmed as under:

- a) The repayment of loans/advances including mark-up thereon has been subordinated to the repayment of loans to FEL lenders and shall be paid only after the FEL lenders are fully discharged in terms of the Sponsors Support and other Agreements as amended and executed inter alia with the FEL and its lenders which were approved by the shareholders;
- b) The special resolution passed on 30 May, 2017 authorized the Company to execute the sponsors support and other agreements and to fulfill obligations towards lenders of FEL;
- c) The mark up on loans was accrued in view of agreements / approval of the shareholders;
- d) The repayment of the loan or markup was by way of four annual installments commencing from December 31, 2026;
- e) The principal amount of loans had already been converted into preference shares of the FEL in accordance with the approval of the shareholders on March 10, 2022.
- f) Mark up accrued (and to be accrued) shall be converted into preference shares under the authority of special resolutions.
- g) This special resolution shall be treated as passed under Section 199 of the Companies Act, 2017.

**RESOLVED FURTHER THAT** Chief Executive Officer and/or Chief Financial Officer and/or Company Secretary be and is/are hereby singly and/or jointly authorized to do all acts, deeds, things and to execute agreement(s), 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.

CERTIFIED & TRUE COPY  
ON BEHALF OF THE BOARD

  
Azher Iqbal, ACA  
Company Secretary

