FAZAL CLOTH MILLS LIMITED

Ref:- FCML/26/CAD/013
Dated:- September 10, 2026

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

SUBJECT: INTIMATION OF RELAXATION FROM CONSOLIDATION OF FINANCIAL STATMENTS OF FAZAL CLOTH MILLS LTD (HOLDING COMPANY) WITH FAZAL GAS DISTRIBUTION COMPANY LTD (SUBSIDIARY) UNDER SECTION 228(7) OF THE COMPANIES ACT, 2017

Dear Sir,

In compliance with the applicable provisions of the Securities Act, 2015, and the Rule Book of the Pakistan Stock Exchange Limited, we wish to inform you that the Securities and Exchange Commission of Pakistan (SECP), vide its letter No. SMD/PRDD/Comp/(80)/2022/30 dated September 09, 2026, has granted Fazal Cloth Mills Limited (FCML) relaxation under Section 228(7) of the Companies Act, 2017, from the requirement of preparing and presenting Consolidated Financial Statements with its subsidiary, Fazal Gas Distribution Company Limited (FGDCL), for the financial year ended June 30, 2026.

The SECP granted this relaxation considering that FGDCL had no active financial operations during the financial year ended June 30, 2026, and consequently, consolidating its financial statements with FCML would yield no material difference from FCML's standalone financial statements.

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

Thanks & Best Regards

For and on behalf of FAZAL CLOTH MILLS LIMITED

Bashrat

Basharat Hashmi
Company Secretary

Head Office: 59/3, Abdali Road, Multan.
Ph: +92 061 4579001-10, Fax: +92-061-4541832
E-mail: info@fazalcloth.com, Website: www.fazalcloth.com
Registered Office: 69/7, Abid Majeed Road, Survey # 248/7, Lahore Cantt, Ph: +92 042-36684909

SECP

Securities and Exchange Commission of Pakistan
Securities Market Division
Policy, Regulation and Development Department

No. SMD/PRDD/Comp/(80)/2022/30

September 09, 2026

Basharat Hashmi
The Company Secretary,
Fazal Cloth Mills Limited
59/3, Abdali Road,
Multan.

Subject: **APPLICATION FOR RELAXATION FROM CONSOLIDATION OF FINANCIAL STATEMENTS OF FAZAL CLOTH MILLS LIMITED (HOLDING COMPANY) WITH FAZAL GAS DISTRIBUTION COMPANY LIMITED (SUBSIDIARY) UNDER SECTION 228 (7) OF THE COMPANIES ACT, 2017.**

Dear Sir,

This is in reference to the application of Fazal Cloth Mills Limited (the '*Company*') dated August 27, 2026, seeking relaxation from consolidation of financial statements in respect of its wholly owned subsidiary "*Fazal Gas Distribution Company Limited*" under section 228 (7) of the Companies Act, 2017 (the '*Act*') for the year ended June 30, 2026.

2. In this connection, I am directed to inform you that the Commission has granted an exemption to the Company under section 228 of the Act, from the preparation and submission of consolidated accounts in respect of its subsidiary for the year ended **June 30, 2026**. The aforesaid exemption is however, subject to the following conditions:

i. Financial Highlights (Statements of Financial Position and Profit and Loss) of the subsidiary shall be disclosed in the Company's financial statements for the year ended June 30, 2026;

ii. In case of no financials available of the subsidiary owing to non-commencement of business and operations disclose the current status of the subsidiary in its financial statements, along with the reasoning for non-consolidation and non-inclusion of Financial Highlights;

iii. A disclosure regarding the free-of-cost availability of the above- mentioned accounts of the subsidiary to the members for inspection at the company's registered office or any other place of business shall be included in the said financial statements of the Company.

3. This letter is issued with the approval of competent authority.

Regards,

Rida Khurram Mughal
Management Executive

9th floor, NIC Building, Jinnah Avenue, Blue Area, Islamabad, Pakistan, DID +92-51-9195640 |
(PABX) +92(51) 111-117-327 (5640) |Email: rida.mughal@secp.gov.pk