NOTICE OF MEETING

Notice is hereby given that the **Extra Ordinary General Meeting** of the Shareholders of M/s. FAZAL CLOTH MILLS LIMITED will be held on Tuesday, May 30, 2020 at 11:30 a.m. at Fatima Group Head Office, E-110 Khyaban-e-Jinnah (Defence Mor), Lahore Cantt. to transact the following businesses:

ORDINARY BUSINESSES:

1. To confirm the minutes of the last Annual General Meeting of the Company held on October 26, 2019.
2. To elect Nine (9) Directors of the Company as fixed by the Board in their meeting held on February 25, 2020 in accordance with provisions of section 159(1) of the Companies Act, 2017 for a period of three (3) years commencing from May 30, 2020. The names of retiring Directors are (1) Sh. Naseem Ahmad (2) Mr Amir Naseem Sheikh, (3) Mr. Rehman Naseem, (4) Mr. Fazal Ahmed Sheikh, (5) Mr. Faisal Ahmed, (6) Mr. Fahd Mukhtar and (7) Mr. Baber Ali (Independent Director), who are eligible for re-election.
3. To discuss any other business with the permission of the Chair.

SPECIAL BUSINESS:

To consider, and if thought fit, to pass the following Special Resolutions, with or without modification(s) to give effect of the Companies (Postal Ballot) Regulations, 2018 by amending the existing Articles of Association of the Company.:

4. **RESOLVED that** the Articles 44-A and 44-B be and are hereby added in the existing Article 44 of the Articles of Association of the Company to be read as under:

44-A A Member may opt for e-voting in a general meeting of the Company under Regulation 4(2) of the Companies (Postal Ballot) Regulations, 2018 or as amended from time to time.

44-B The company may provide video conference facility to its Members at places other than the town in which general meeting is taking place after considering the geographical dispersal of its Members, subject to the condition that Members collectively holding ten percent (10%) or more shareholding residing at a geographical location provide their consent to participate in the general meeting through video conference at least seven (7) days prior to the date of the general meeting. The company shall arrange video conference facility subject to availability of such facility in that city and an intimation to the Members shall be given by the Company at least five (5) days before the date of general meeting regarding venue of video conference facility along with complete information. However, the quorum, as required under the Act, as well as the Chairman of the general meeting, shall be present at the place of the general meeting.

FURTHER **RESOLVED that** information about casting vote through e-voting to foreign shareholders shall be communicated / given through email.

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FURTHER **RESOLVED that** the Chief Executive and / or Company Secretary be and are hereby authorized to appoint e-voting service provider as required under the Companies (Postal Ballot) Regulations, 2018.

A statement under section 134 (3) of the Companies Act, 2017, relating to the aforesaid special business to be transacted is attached.

By the order of the Board

Dated: May 08, 2020
Place: Multan

Asad Mustafa
(Company Secretary)

NOTES:

1. **Closure of Share Transfer Books**; The Shares Transfer Books of the company will remain closed from May 23, 2020 to May 30, 2020 (both days inclusive). Transfers received at the Company's Registrar, M/s Vision Consulting Limited, 3-C, LDA Flats Lawrence Road, Lahore, at the close of business on May 22, 2020 will be treated in time for determining voting rights of the shareholders for attending the meeting.
2. A member eligible to attend and vote at the Meeting may appoint another person as his/her proxy to attend, and vote instead of him/her. Proxies in order to be effective must be duly stamped, witnessed and signed, deposited at Company's Shares Department, 59/3, Abdali Road, Multan not later than 48 hours before the time for holding the meeting. A member cannot appoint more than one proxy. Attested copy of shareholder CNIC must be attached with proxy form. Representative of corporate members must bring the BoD Resolution and or Power of Attorney and specimen signature of the nominee. Members whose shares are deposited with Central Depository System (CDS) are requested to bring their original CNIC or passport along with their account numbers in CDS for attending meeting. A proxy shall have his / her original CNIC or passport for attending general meeting.
3. Members are requested to notify any changes in their addresses immediately.
4. **Postal Ballot:** Pursuant to the Regulation 3(b) of the Companies (Postal Ballot) Regulations, 2018 for the purpose of election of directors, where in case number of contestants are more than the number of directors to be elected, the members will be allowed to exercise their right to vote through postal ballot, that is voting by post in accordance with the requirements and procedures contained in the aforesaid Regulations.
5. **Consent for Video Conference Facility:** Pursuant to Section 134(1)(b) of the Companies Act, 2017, if the Company receives a request from member(s) holding an aggregate ten percent (10%) or more shareholding residing at another city, such member(s) may request a video conferencing facility for the purposes of participating in the meeting at such a location by sending a request to the Company at least 7 (seven) days prior to the date of meeting, the Company will arrange video conference facility in that city subject to the availability of such facility in that city. Please submit the following form with the requisite information at the registered office of the Company.

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I/we ______________of _________being a member of Fazal Cloth Mills Limited, holding ______ordinary shares as per register Folio / CDC Account No. ____________hereby opt for video conference facility at _____________.________________ ________________
Name and Signature Date

In the event that the request is made by members holding an aggregate ten percent (10%) or more Shareholding, then the Company will make appropriate arrangements and will intimate members regarding venue of video conference facility at least 5 days before the date of General Meeting along with the complete information necessary to enable them to access such facility.

6. **Additional Matters with Regard to COVID-19.**

With reference to precautions to be taken against spread of COVID-19 (Corona virus) and in accordance with Circular No. 5 of 2020 dated March 17, 2020 and circular No. 372 dated March 19, 2020 issued by SECP, the Company informs its Shareholders as follows:

a. Shareholders who wish to send in comments/ suggestions on the agenda of election of Directors can email the Company at *asad.mustafa@fazalcloth.com* or Whats app at *0333-3088332.*

b. The Company shall ensure that comments/ suggestions of the Shareholders will be read out at the meeting by the Company Secretary and the responses will be made part of the minutes of the meeting.

c. At the meeting venue, the Company will take protective measures, which include temperature checking and use of hand sanitizers prior to entering Company premises. Those with flu symptoms are requested not to attend the meeting for the welfare of all Shareholders.

ELECTION OF DIRECTORS

Statement of material facts under Section 166(3) of the Companies Act, 2017 with respect to Agenda Item No. 2

Section 166 (3) of the Companies Act, 2017 provides that a statement of material facts is annexed to the notice of the general meeting called for the purpose of election of directors which shall indicate the justification for choosing the appointee for appointment as an independent director. The Company is required to have at least three independent directors on its Board in accordance with the Listed Companies (Code of Corporate Governance) Regulations, 2019. The persons to be elected as independent directors shall meet the criteria set out for independence under Section 166 (2) of the Companies Act, 2017 and are listed on the data bank of independent directors maintained by Pakistan Institute of Corporate Governance duly authorized by Securities and Exchange Commission of Pakistan. Further, their selection shall be made based on their respective competencies, requisite skills, knowledge and experience and will be elected as per section 159 of the Companies Act, 2017.

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Documents/information required to contest Election of Directors

Any person who seeks to contest the election of Directors shall, whether he/she is a retiring director or otherwise, file with the Company the following documents and information at its registered office not later than fourteen days before the day of the above said meeting:

(1) His/her Folio Number/CDC Investors Account Number/CDC Sub-Account Number;
(2) Notice of his/her intention to offer himself/herself for the election of directors in terms of Section 159(3) of the Companies Act, 2017;

(3) Consent to act as Director under: Companies Act, 2017; and Listed Companies (Code of Corporate Governance) Regulations, 2019;

(4) Profile along with his/her address to be placed on the website of the Company;

(5) An attested copy of CNIC or Passport (in case of foreigner);

(6) A declaration that he/she is not ineligible to become a director under: Companies Act, 2017; Listed Companies (Code of Corporate Governance) Regulations, 2019; and PSX Regulations

(7) He/she is aware of the duties and powers of a director under: Companies Act, 2017; Securities Act, 2015;

Listed Companies (Code of Corporate Governance) Regulations, 2019; Listing of Companies and Securities Regulations of Pakistan Stock Exchange; Memorandum and Articles of Association of the Company; and Any other applicable laws/rules/regulations/codes etc. Any other document/information he/she may think necessary.

(8) Independent Director(s) will be elected through the process of election of director in terms of section 159 of the Act and they shall meet the criteria laid down in Section 166 of the Act, and the Companies (Manner and Selection of Independent Directors) Regulations 2018, accordingly the following additional documents are to be submitted by the candidates intending to contest election of directors as an independent director:

- Declaration by Independent Director(s) under Clause 6(3) of the Listed Companies (Code of Corporate Governance) Regulation 2019.

- Undertaking on non-judicial stamp paper that he / she meet the requirements of sub-regulation (1) of Regulation 4 of the Companies (Manner and Selection of Independent Directors) Regulations, 2018.

Statement under section 134 (3) of the Companies Act, 2017 – Agenda Item No. 4

To give effect of the Companies (Postal Ballot) Regulations, 2018, shareholders' approval is being sought

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to amend the existing articles of association of the Company. After the addition of Articles 44-A and 44-B, the existing Article 44 of the Article of Association of the company will be read as under:

44-A A Member may opt for e-voting in a general meeting of the Company under Regulation 4(2) of the Companies (Postal Ballot) Regulations, 2018 or as amended from time to time.

44-B The company may provide video conference facility to its Members at places other than the town in which general meeting is taking place after considering the geographical dispersal of its Members, subject to the condition that Members collectively holding ten percent (10%) or more shareholding residing at a geographical location provide their consent to participate in the general meeting through video conference at least seven (07) days prior to the date of the general meeting. The company shall arrange video conference facility subject to availability of such facility in that city and an intimation to the Members shall be given by the Company at least five (5) days before the date of general meeting regarding venue of video conference facility along with complete information. However, the quorum, as required under the Act, as well as the Chairman of the general meeting, shall be present at the place of the general meeting.

<u>Statement under Rule 4(2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017</u>

Name of Investee Company	**Fatima Transmission Company Limited (FTCL)**		**Fatima Energy Limited (FEL)**	
Total investment approved	Rs. 300 Million loan was approved in AGM on October 31, 2015 and will be repayable within one year from date of disbursal. Period of Investment till Oct 15, 2021.	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.	Rs. 2,000 Million loan investment was approved in AGM on Oct 27, 2018 with period of investment till Oct 15, 2021.

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Amount of investment made to date	Rs 72 M	NIL	Rs 400	Rs 1585 M
Reasons for not having made complete investment so far where resolution required it to be implemented in specific time	Further funds request has not yet been made by the investee company.	Outstanding amount to NIB on behalf of FTCL will be paid in case of default by FTCL or in case any demand by lender of FTCL under SSA .	Outstanding amount to Lenders on behalf of FEL will be paid in case of default by FEL or in case any demand by lender of FEL under SSA .	Further investment will be made depending on demand received from investee company
Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company.	As per audited financial statements for the year ended June 30, 2015, the basic earnings per share was Rs. (8.78) / Shares and breakup value of share was Rs. 1.22 / share. As per latest available un-audited financial statements for the year ended June 30, 2019, the basic earnings per share is Rs. (2.965) / Shares and breakup value of share is Rs. 4.6 / share.		As per financial statements for the year ended June 30, 2014, the basic earnings per share was Rs. (703.75) / Share and breakup value of share was Rs. (932.25) / share. As per latest available un-audited financial statements for the six months ended Dec 31, 2019 the basic earnings per share is Rs. (0.381) / Shares and breakup value of share is Rs. 6 / share.	

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