



BABRI COTTON MILLS LIMITED

HABIBABAD - KOHAT (KHYBER PAKHTUNKHWA) PAKISTAN

Phones : (0922) 862285-862286-862284-862290 Fax: (0922) 862346

Website: www.bcm.com.pk, E-mail: info@bcm.com.pk

Dated: 15 March, 2021

The General Manager,
Pakistan Stock Exchange Limited,
Stock Exchange Building,
Stock Exchange Road,
Karachi-74000, Pakistan.

Disclosure of Material Information-Babri Cotton Mills Ltd.

Dear Sir,

At the Extra Ordinary General Meeting (EOGM) of the members of the Babri Cotton Mills Ltd. (the Company) held on 13 March, 2021 at the registered office of the Company, the members of the Company, through special resolutions, have approved the Proposed Scheme of Arrangement of Merger / Amalgamation of the Company with Janana De Malucho Textile Mills Ltd. (JDMT), under Sections 279 to 285 of the Companies Act, 2017.

Members were duly apprised of the material facts regarding the Scheme as below:

1. the merger of the Company with JDMT is necessary because otherwise it would be impossible for the Company to survive any further because of massive outstanding liabilities and huge gross, operating and net losses. The outstanding current liabilities of the Company amounts to Rs.1,203.320 million as of 30 June, 2020. The Company has incurred gross loss of Rs.118.061 million for the year ending on 30 June, 2020 and loss after tax was Rs.387.598 million. Therefore, the only viable solution is the merger of the Company with JDMT as it would not be possible for the Company to continue its operations alone.
2. The proposed scheme of merger/amalgamation between the Company and JDMT will result in the Company being merged into JDMT, with all the assets and liabilities of the Company being transferred into JDMT, and the members of the Company being issued shares of JDMT at the ratio of 1 share of JDMT for every 1.438266 share of the Company.

The Certified Extract of the Special Resolutions passed at the EOGM and disclosure of interest of directors are attached herewith as Annexure-1 & Annexure-2, respectively.

Yours truly,

For Babri Cotton Mills Ltd.


Muhammad Shoaib
Company Secretary



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ANNEXURE-1

Extract of the Special Resolutions passed by the members of Babri Cotton Mills Ltd. (the Company) at their meeting held on March 13, 2021 at Habibabad Kohat

After having detailed discussions and the follow up balloting, all the members of the company who were present in the meeting have voted in favor of the merger / amalgamation and have unanimously passed the following Resolutions as Special Resolutions:-

"RESOLVED THAT Approval of members of the Company be and is hereby accorded to approve the merger/ amalgamation of the Company with Janana De Malucho Textile Mills Ltd. (JDMT).

FURTHER RESOLVED THAT Approval of members of the Company be and is hereby accorded to approve the Scheme of Arrangement for Amalgamation/Merger of the Company with JDMT, which has been placed by the BOD of the Company before the members for the approval through the board resolution dated October 24, 2020.

FURTHER RESOLVED THAT, all of the terms and conditions set out in the aforementioned Scheme of Merger are hereby approved.

FURTHER RESOLVED THAT:

The Chief Executive Officer (CEO) of the Company and one or more such persons as the CEO may designate from time to time (the **"Authorized Officers"**), are hereby individually authorized and empowered, for and on behalf of the Company, to file the scheme of merger/amalgamation before the High Court for the sanction of the scheme, and do all such actions, things, deeds and sign, execute, verify, authenticate, submit all such documents and forms that may be required for completing all legal and corporate formalities with respect to the proposed merger and scheme.

All acts, deeds, and things done by the Authorized Officers pursuant to the above Resolutions for and on behalf of and in the name of the Company shall be binding acts, deeds and things done by the Company.

The Chief Executive Officer is further authorized to make any further modifications/amendments/corrections in these Special Resolutions at a later stage if pointed out by Securities & Exchange Commission of Pakistan (SECP) and to take such other steps, execute such other documents and make necessary corporate and other filings as may be necessary or expedient for the purpose of giving effect to the above Special Resolutions and all other matters incidental or ancillary thereto."



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ANNEXURE-2

DISCLOSURE OF INTEREST OF DIRECTORS

The proposed transaction contemplated under the draft scheme of merger/amalgamation constitutes a related party transaction, wherein a majority of the directors of the Company are interested as follows:

Name of the Related Party	Interested Directors of Babri Cotton Mills Ltd. (BCML)	Nature of relationship/Percentage Interest	Description of transaction	Pricing Policy	Amount (PKR)
Janana De Malucho Textile Mills Limited (JDML)	Lt. Gen Retd. Ali Kuli Khan Khattak	Shareholder Director/0.35%	Scheme of merger/amalgamation	<u>1</u> share of JDML will be issued for every 1.438266 shares of the BCML.	N/A
	Ahmed Kuli Khan Khattak	Shareholder Director/0.38%			
	Gohar Ayub Khan	Shareholder Director/0.08%			
	Shahnaz Sajjad Ahmad	Shareholder Director/0.19%			



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