



# JANANA DE MALUCHO TEXTILE MILLS LTD.

HABIBABAD - KOHAT (PAKISTAN)

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E-mail: janana@brain.net.pk, janana\_textile@hotmail.com

Ref. No. JM/CS/22/507

Date: February 08, 2022

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

## DISCLOSURE OF MATERIAL INFORMATION REGARDING MERGER

Dear Sir,

In pursuance of the provisions of Section 96 of the Securities Act, 2015 and Clause 5.6.1(a) of the PSX Rule Book, we hereby convey the following information:

This is in continuation of our letter Ref. No.BCM/CS/22/503, dated: February 04, 2022. We have attached herewith an attested copy of order of the Honorable Peshawar High Court, Peshawar, Order CC No.03-P/2021, dated January 31, 2022, under Section 279 to Section 285 of the Companies Act, 2017, sanctioning the Scheme of Arrangement to merge / amalgamate Babri Cotton Mills Ltd. into Janana De Malucho Textile Mills Ltd.

Yours Sincerely,

  
Abid Raza

Company Secretary

CC: Director / HOD  
Surveillance, Supervision and Enforcement Department Securities and Exchange  
Commission of Pakistan  
NIC Building, 63-Jinnah Avenue Blue Area  
Islamabad.

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*Judgment Sheet*

**IN THE PESHAWAR HIGH COURT,  
PESHAWAR**  
(Judicial Department)



**Company Case No. 03-P/2021.**  
**Janana De Malucho Textile Mills Limited & Babri  
Cotton Mills**  
**Vs**  
**Joint Registrar of Companies.**

**JUDGMENT**

**Date of hearing.**

**Date of announcement: 31.01.2022**

**Petitioner(s) by: M/s Asghar Leghari, Barrister  
Ibrahim Afridi & Ali Javed  
Darugar Advocates.**

**Respondent(s) by: M/s Sqib Aslam, Deputy Registrar  
and Yasir Iqbal Support, SECP.**

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**S M ATTIQUE SHAH, J:-** This joint petition under sections 279 to 285 of the Companies Act, 2017 (the "Act") has been filed by authorized representative of the Petitioners seeking/obtaining sanction of this Court, for a Scheme of Compromises, Arrangement and Reconstruction (Scheme) between M/s Janana De Malucho Textile Mills Limited (Transferee/petitioner No.1/JDMTML) and Babri Cotton Mills Limited (Transferor/petitioner No.2/BCML) in order to merge/amalgamate the entire undertaking and business of the

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petitioner No.2 alongwith its assets and liabilities into the petitioner No.1

2. In essence, both the petitioners are dealing in the business of manufacturing and sale of Yarn. Petitioner No.1(JDMTML) had been incorporated on the 7<sup>th</sup> day of October 1960; while petitioner No.2, had been incorporated on the 26<sup>th</sup> day of October 1970, under the provisions of erstwhile Companies Act 1913 and; are quoted public companies limited by shares with its shares listed on the Pakistan Stock Exchange. Petitioner No.1 has an authorized capital of Rs.200,000,000/- divided into 20,000,000/- ordinary shares of Rs.10/- each; while its paid up capital is Rs.47,847,940/- divided into Rs.47,847,94/- ordinary shares of Rs.10/- each fully paid. Similarly, the Petitioner No.2 is a public limited company with an authorized share capital of Rs.250,000,000/- divided into 25,000,000/- ordinary shares of Rs.10/- each as its paid-up capital is Rupees 36,521,780 divided into 3,652,178 ordinary shares of Rs.10 each fully paid. The petitioners through their respective Board of Directors, have agreed in view of the grounds mentioned hereinafter, that the whole undertaking alongwith assets and liabilities of the Petitioner No.2 be *merged* with and into the

  
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petitioner No.1 under the supervision of this Court; hence instant company case.

3. After filing of the petition, this Court vide order dated 07.06.2021 directed for the issuance of notices through normal process, registered AD and through publication in English daily "The News", Islamabad as well as Urdu Daily "AAJ", Peshawar; for the purpose of informing the respondent/Joint Registrar of Companies, Company Registration Office, Securities and Exchange Commission of Pakistan, Peshawar qua the scheme and; inviting its written reply as well as particulars of set-off, if any, within thirty days, from the date of first service through any of the modes and to appear before the Court on the next date of hearing. In compliance with the ibid order, the relevant processes were issued and respondent also submitted the requisite comments; explaining therein the mode of merger as per sub section 2 of Section 279 of the Companies Act, 2017, qua identification of the registered secured creditors of the petitioners, routine examination of annual audited financial statements of petitioners as well as carrying fresh revaluation; thereby affirming that both the companies are publicly listed companies; however, requested for calling the comments of PSX.

Upon which, the petitioners filed their rejoinder, stating therein

  
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that the petitioners companies have fulfilled their statutory duties of making the relevant disclosures to the PSX as required by law and that the scheme has received the requisite approval at the board and shareholders level of the respective petitioners companies; therefore, PSX has no power to object to the proposed scheme nor can it provide any input in relation thereto.

4. Perusal of available record reveals that both the petitioners are public listed companies; who want merger/amalgamation of entire undertaking and business of petitioner No.2 alongwith its assets and liabilities into petitioner No.1, in view of Sections 279 to 285 of the Act *ibid*. The basic requirements of Section 279 of Companies Act, 2017 are as under:-

- i. *There must be compromise/arrangements/Scheme proposed between a Company and its members or Creditors.*
- ii. *There must be an application to be made before the High Court.*
- iii. *The requisite meetings of Board and shareholders to be conducted.*
- iv. *Mandatory filing of material facts relating to the company which are:*
  - a. *Financial position and accounts.*



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- b. Auditor's report*
- c. Latest accounts of the company.*
- d. The pendency of any investigation proceedings*
- e. Supported by the affidavits pertaining to no objection/ consent of creditors of the companies."*

5. It is apparent from the record that the Scheme was originally considered by the respective board of Directors of petitioners No.1 & 2 in their respective meetings held on 12<sup>th</sup> day of August 2020 and 24<sup>th</sup> October, 2020; wherein the scheme was adopted. The majority of the directors of each petitioner were interested, so for compliance of form and substance of requirements of the Companies Act 2017, the matter was sent for approval of the shareholders; upon which on 13<sup>th</sup> March 2021, extraordinary general meetings of both the petitioners were held; wherein the scheme was approved by majority of the shareholders. Thereafter, both the companies filed Pre-Merger application before the Competition Commission of Pakistan (CCP) on 21.01.2021; which was approved by the ibid Commission. Besides, no Objection Certificates from creditors of both the petitioners companies were obtained; thereby sending it to the SECP and respondent. Furthermore, the condition of issuance of notice by way of publication in the English Daily as

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well as Urdu Daily has also been fulfilled; which was neither objected by any member of the companies nor public at large came forward to object the same. The copies of ibid documents have been placed on record.

6. So far as, the observation by the SECP relating to section 279(2) of the Act is concerned, it is evident from perusal of resolution of respective Board of Directors of the Petitioners that the Scheme of Arrangement has unanimously been consented and approved by the Board of Directors, Shareholders as well as by Creditors in their respective resolutions and meetings. PSX is not a regulator of public listed companies; rather the ibid function vests in the Securities and Exchange Commission of Pakistan under the Companies Act, 2017 and the Securities Act 2016. However, as per Section 96 of the Act ibid read with Regulation 5.6.1, only disclosure to the PSX is to be made; which are reproduced as under:-

**"96 Disclosure of price sensitive information: 1. Except as provided in subsection (4), a listed company shall disclose to the public forthwith any price sensitive information relating to the company or its subsidiaries which has come to the company's knowledge and which would be material to an investor's investment decision, including information that-**



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- a. *is necessary to enable the public to appraise the position of the company and its subsidiaries;*
- b. *is necessary to avoid the creation or continuation of a false market in the securities of the company (false market being defined as an uninformed market or one which is based on incomplete information); or*
- c. *might reasonably be expected to materially affect the market activity and the price of its securities.*

2. *A listed company shall ensure that when disclosing information pursuant to clauses (a) to (c) of sub-section (1), the means it uses for disseminating information are such that it equally, timely and effectively provide access to such information by the holders of the securities of the company and investors.*

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**5.6.1. Disclosure of Price sensitive information.** (a) *Every listed company shall immediately disseminate to the Commission and the Exchange all price-sensitive information relating to the business and other affairs of the listed company that may affect the market price of its shares in the manner prescribed by the Exchange from time to time. The said information shall be communicated to the Exchange prior to its release to any other person or print/ electronic media. The price-sensitive information may include but shall not be limited to:*

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**ii. Information regarding any joint ventures, merger, demerger, restructuring acquisition or any material contract entered into or lost:**

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7. In compliance with the above requirements, petitioners have made the relevant disclosure to the PSX of the proposed merger on August 13, 2020, (BCML) and August 12, 2020 (JDMTML) through the automated system; meaning thereby that PSX has been approached for the purpose as per law. All the requisite formalities have been fulfilled by the petitioners qua ibid merger. Besides, in absence of any challenge from the shareholders of the transferor and transferee company, who are primarily and exclusively to question; there remains no impediment to grant and sanction of the Scheme of Arrangement of Petitioner No.2 Company into Petitioner No.1. Accordingly, this petition is allowed and the Scheme attached at Annex-C, is hereby sanctioned in terms thereof.

**Announced:  
31.01.2022.**

*[Signature]*  
**JUDGE**

"A.Qayum PS" (SB)

*[Signature]*

Hon'ble Mr. Justice S M Attique Shah

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**03 FEB 2022**