

Ref.No.MTM/SEC/2022/

Dated: 30-06-2022.

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

Subject:- Approval of Civil Original No. 02 of 2022, Scheme of arrangement/demerger U/S 279 to 285 Of the Companies Act, 2017.

Dear Sir,

We (MAHMOOD TEXTILE MILLS LIMITED) are pleased to intimate to your Esteemed Exchange that the Honorable Lahore High Court, Multan Bench, Multan has very graciously approved the Scheme of Arrangement in Civil Original No.02 of 2022 in the date of hearing on 28th June 2022. Copy of the Court Order is attached herewith for your perusal and necessary action.

Thanks & regards.

Yours faithfully



LIAQAT ALI DOLLA
COMPANY SECRETARY



Encl: As above.



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JUDGMENT SHEET
LAHORE HIGH COURT
MULTAN BENCH, MULTAN

JUDICIAL DEPARTMENT

Civil Original No. 02 / 2022

Masood Fabrics Limited & 10 others

Versus

Joint Registrar of Companies

JUDGMENT

Date of Hearing:	28.06.2022
Petitioner(s) By:	Mr. Salman Aslam Butt, Advocate Mr. Muhammad Tariq Rajwana, Advocate Barrister Qasim Imran Ali, Advocate
Respondent By:	Mr. Adil Shabbir, Advocate Mr. Iqbal Ghous, Assistant Registrar of Companies, SECP, Multan M/s Malik Kashif Rafiq Rajwana and Mian Babur Saleem, Advocates / Co-Chairmen appointed by the Court.

ABID HUSSAIN CHATTHA, J: This is a Petition for reconstruction and rearrangement under Sections 279 to 282 of the Companies Act, 2017 (the "Act") seeking sanction of the Scheme of Arrangement amongst Masood Fabrics Limited ("MFL"), Roomi Fabrics Limited ("RFL"), Mahmood Textile Mills Limited ("MTML"), Masood Spinning Mills Limited ("MSML"), MG Agri Foods (Pvt.) Limited ("MGAF"), Roomi Poultry (Pvt.) Limited ("RPPL"), Passion Foods (Pvt.) Limited ("PFPL") and Mahmood Cotton Ginning Pressing & Oil Mills (Pvt.) Limited ("MCGPO") (collectively referred to as the "Petitioner Companies" and / or "Mahmood Group", wherever the context so requires), Khawaja Muhammad Iqbal, Khawaja Muhammad and Khawaja Muhammad Younus (together with the Petitioner Companies referred to as the "Petitioners").

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2. The Scheme of Arrangement has been approved by the Board of Directors of the Petitioner Companies and shareholders of the Petitioner Companies in Extraordinary General Meetings held on 31.05.2022. The principal objective of the Scheme of Arrangement entered into between the Petitioners is rearrangement and reconstruction of Mahmood Group into Group A and Group B by transferring:-

- a) Shares of MFL held by MCGPO to RFL;
- b) Shares of MTML held by RFL to MCGPO, Khawaja Muhammad Iqbal, Khawaja Muhammad Younus and Khawaja Muhammad Ilyas;
- c) Shares of RFL held by MTML to MFL;
- d) Shares of MSML held by MFL to MTML, Khawaja Muhammad Iqbal, Khawaja Muhammad Younus and Khawaja Muhammad Ilyas;
- e) Shares of MFL held by Khawaja Muhammad Iqbal, Khawaja Muhammad Younus and Khawaja Muhammad Ilyas to RFL;
- f) Shares of MGAF held by RFL to Khawaja Muhammad Iqbal, Khawaja Muhammad Younus and Khawaja Muhammad Ilyas;
- g) Shares of PFPL held by RFL to Khawaja Muhammad Iqbal, Khawaja Muhammad Younus and Khawaja Muhammad Ilyas;
- h) Shares of RPPL held by RFL to Khawaja Muhammad Iqbal, Khawaja Muhammad Younus and Khawaja Muhammad Ilyas;
- i) Shares of RFL held by Khawaja Muhammad Iqbal, Khawaja Muhammad Younus and Khawaja Muhammad Ilyas to MFL;
- j) Shares of MGAF held by MFL to Khawaja Muhammad Iqbal, Khawaja Muhammad Younus and Khawaja Muhammad Ilyas;
- k) Shares of PFPL held by MFL to Khawaja Muhammad Iqbal, Khawaja Muhammad Younus and Khawaja Muhammad Ilyas; and
- l) Shares of RPPL held by MFL to Khawaja Muhammad Iqbal, Khawaja Muhammad Younus and Khawaja Muhammad Ilyas.

3. The benefits of the Scheme of Arrangement shall include but are not limited to the following:

- a) By restructuring Mahmood Group into Group A (MFL and RFL) and Group B (MTML, MSML, MGAF, RPPL, PFPL and MCGPO), shareholding of all the Petitioner Companies will be streamlined allowing the respective investors and stakeholders to focus on the existing business including expansion and modernization leading to optimum returns for the shareholders;

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- b) By streamlining the capital structure of Mahmood Group, shareholders will have more control over their respective Petitioner Companies, allowing them to steer the growth of business and reduce costs; and
- c) By restricting Mahmood Group, the Boards of Directors of the respective Petitioner Companies will be streamlined allowing further strengthening of relationships amongst the Boards and key employees.
4. In pursuance to Article 4 of the Scheme of Arrangement, the consideration / swap ratio for the Scheme of Arrangement are:

MCGPO shareholding in MFL	Share Swap Ratio between MFL and MTML	Shares of MTML to be exchanged
A	B	A*B
300,000	0.8832	264,970

MTML shareholding in RPL	Share Swap Ratio between RFL and MSML	Shares of MSML to be exchanged
A	B	A*B
4,000,000	1.2304	4,921,692

Name of Shareholder	Part 2 of RFL Shareholding in MTML	Share Swap Ratio between MTML and MFL	Shares of MFL to be exchanged
	A	B	A*B
KM Iqbal	112,228	1.1322	127,064
KM Ilyas	112,227	1.1322	127,064
KM Younus	112,227	1.1322	127,064
	336,682		381,193 (C)
	RFL Shareholding in MGAP	Share Swap Ratio between MGAP and MFL	
KM Iqbal	333,333	0.0456	15,185
KM Ilyas	333,333	0.0456	15,185
KM Younus	333,334	0.0456	15,185
	1,000,000		45,554 (D)
	RFL Shareholding in RPPL	Share Swap Ratio between RPPL and MFL	
KM Iqbal	1,666,666	0.0383	63,783
KM Ilyas	1,666,667	0.0383	63,783
KM Younus	1,666,667	0.0383	63,783
	5,000,000		191,349 (E)
	RFL Shareholding in PFPL	Share Swap Ratio between PFPL and MFL	
KM Iqbal	1,333,333	0.0149	19,828
KM Ilyas	1,333,334	0.0149	19,828
KM Younus	1,333,333	0.0149	19,828
	4,000,000		59,485 (F)
Total Shares of MFL to be exchanged (C+D+E+F)			677,580

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Name of Shareholder	Part 2 of MFL Shareholding in MSML	Shares Swap Ratio between MSML and RFL	Shares of RFL to be exchanged
	A	B	A*B
KM Iqbal	1,692,769	0.8127	1,375,762
KM Ilyas	1,692,770	0.8127	1,375,762
KM Younus	1,692,769	0.8127	1,375,762
	5,078,308		4,127,286 (C)
	MFL Shareholding in MGAP (divided into 3 equal parts)	Share Swap Ratio between MGAP and RFL	
KM Iqbal	333,333	0.1169	38,959
KM Ilyas	333,333	0.1169	38,959
KM Younus	333,334	0.1169	38,959
	1,000,000		116,878 (D)
	MFL Shareholding in RPPL	Share Swap Ratio between RPPL and RFL	
KM Iqbal	1,666,667	0.0982	163,652
KM Ilyas	1,666,666	0.0982	163,652
KM Younus	1,666,667	0.0982	163,652
	5,000,000		490,956 (E)
	MFL Shareholding in PFPL (divided into 3 equal parts)	Share Swap Ratio between PFPL and RFL	
KM Iqbal	1,333,333	0.0382	50,875
KM Ilyas	1,333,333	0.0382	50,875
KM Younus	1,333,334	0.0382	50,875
	4,000,000		152,625 (F)
Total Shares of RFL to be exchanged (C+D+E+F)			4,887,747

5. This Court vide Order dated 15.04.2022 appointed Malik Kashif Rafiq Rajwana and Mian Babur Saleem, Advocates as joint Chairmen to call and hold Extraordinary General Meetings of the shareholders / members of the Petitioner Companies under Section 279 of the Act read with Rules 55 and 61 of the Companies (Court) Rules, 1997. Notices were issued to the Securities & Exchange Commission of Pakistan (the "SECP") and Competition Commission of Pakistan (the "CCP"). The comprehensive report submitted by the Chairmen states that Extraordinary General Meetings of the Petitioner Companies were held on 31.05.2022, wherein, 100% of the shareholders were present who by voting unanimously consented to and approved the Scheme of Arrangement for the rearrangement and reconstruction of Mahmood Group. All formalities with respect to holding of such meetings were duly complied with.

6. The CCP vide its Order dated 07.06.2022 in Case No. 1279/Merger-CCP/22 has conveyed its authorization to the Scheme of Arrangement. The said Order and NOC's regarding sanction of the Scheme of Arrangement

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by the secured creditors of the Petitioner Companies have also been placed on record through C. M. No. 1842 of 2022. SECP filed its parasitic comments in this Petition regarding the Scheme of Arrangement. Although no objections have been raised therein, however, certain observations for consideration of this Court have been made which are considered as under:-

- a) With respect to issuance of notice to Pakistan Stock Exchange (the "PSX"), it is noted that there is no requirement of law to issue such notice. Even otherwise, Petitioner No. 3 duly intimated to PSX its EOGM related to approval of the Scheme of Arrangement and relevant documents in this regard have been placed on record through C. M. No. 1842 of 2022.
- b) With respect to use of terms "Effective Date" & "Appointed Date" it is noted that the said terms have been duly defined in the Scheme of Arrangement and used in appropriate context in Clause 3 thereof.
- c) With regard to Valuation Reports making basis of the swap ratio, the same are duly found mention in the Swap Ratio Certificate issued by a renowned chartered accountants' firm, namely, M/s. Crowe Hussain Chaudhry & Co. The same have been duly considered by the said firm to arrive at the Swap Ratio, which has not been disputed by the party concerned.

7. In view of the above, it is abundantly clear that the Scheme of Arrangement is acceptable to the shareholders, creditors and regulators. As such, it is concluded that the Scheme of Arrangement is not prejudicial to the members of the Petitioner Companies. This Court, therefore, is satisfied with the merits of the Scheme of Arrangement which is placed on the record in the Report of the Chairmen duly signed by them. The Scheme of Arrangement is, therefore, sanctioned and will take effect in terms of its relevant clause. The Petitioners are directed to submit certified copy of this Judgment with the SECP within 30 days in terms of Section 284 of the Act. The Scheme of Arrangement is duly sanctioned for the above reasons and shall be effective in terms of relevant clauses thereof.

A. H. Chaudhry
(Abid Hussain Chaudhry)
Judge