

# HASCOL PETROLEUM LIMITED



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

30 September 2022

Dear Sirs,

## Re: **Material Information**

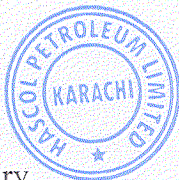
Further to our disclosure of material information dated 26 September 2022 in which the Company announced that the Board of HPL approved the draft Scheme of Arrangement (SoA) for filing before Sindh High Court, the Company would like to announce that it has filed the SoA before Sindh High Court on 28 September 2022 under sections 279 to 282 and 285 of the Companies Act 2017.

Please find enclosed extract of certified copy of the SoA bearing J.C.M No 31 of 2022.

You may please inform the TREC holders accordingly.

Yours truly,

  
**Farhan Ahmad**  
Company Secretary



Enclosed as above.

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28/9/2022

Presented on

*[Signature]*

Deputy Registrar

**IN THE HIGH COURT OF SINDH AT KARACHI**  
(COMPANIES JURISDICTION)

J. C. M. PETITION NO. 31 OF 2022

In the matter of:

Sections 279 to 283 and 285(8) of the Companies Act, 2017

HASCOL PETROLEUM LIMITED, a public company limited by shares, incorporated under the provisions of the Companies Ordinance, 1984, and existing under the provisions of the Companies Act, 2017, having its Registered Office at 29<sup>th</sup> Floor, Sky Tower, West Wing (Tower A), Dolmen City, Abdul Sattar Edhi Avenue, Block 4, Clifton, Karachi.



Rs 5

29 SEP 2022

Licence # 145 High Court, 2022

PAKISTAN  
COURT FEE

.....PETITIONER

PETITION UNDER SECTION 279 READ WITH  
SECTIONS 280 TO 283 AND 285(8) OF THE COMPANIES ACT, 2017

The Petitioner above-named respectfully submits as follows:-

SI Annexure.....C

## **SCHEME OF ARRANGEMENT**

**UNDER SECTIONS 279 TO 283 AND 285  
OF THE COMPANIES ACT, 2017**

**INVOLVING**

**HASCOL PETROLEUM LIMITED**

**AND**

**THE CREDITORS OF HASCOL PETROLEUM LIMITED**

**AND**

**THE MEMBERS OF HASCOL PETROLEUM LIMITED**





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## SCHEME OF ARRANGEMENT

UNDER SECTIONS 279 TO 283 AND 285 OF THE COMPANIES ACT, 2017

BETWEEN

HASCOL PETROLEUM LIMITED, a public company limited by shares and listed on the Pakistan Stock Exchange Limited, incorporated and existing under the laws of Pakistan and having its registered office at 29<sup>th</sup> Floor, Sky Tower, West Wing (Tower A), Dolmen City, Abdul Sattar Edhi Avenue, Block 4, Clifton, Karachi (hereinafter referred to as the "Company", which expression shall mean and include, where the context so requires or admits, its successors-in-interest and permitted assigns)

AND

THE CREDITORS OF HASCOL PETROLEUM LIMITED

AND

THE MEMBERS OF HASCOL PETROLEUM LIMITED



### RECITALS

WHEREAS, this Scheme of Arrangement ("Scheme") envisages the rehabilitation of the Company by restructuring and settling the existing financial obligations / liabilities of the Company towards the Creditors (as defined below), in the manner contemplated under this Scheme along with implementing ancillary matters thereto.

AND WHEREAS, this Scheme, if approved through a resolution by the requisite majority of the secured creditors of the Company, along with the requisite majority of the members of the Company, and sanctioned by the Court by an order passed in this respect, is to be binding on the Company, along with all the members, creditors, stakeholders and any other regulatory / statutory bodies of or with respect to the Company.

NOW THEREFORE, this Scheme is presented as follows:

### ARTICLE 1

#### DEFINITIONS AND INTERPRETATION

- 1.1. In this Scheme, unless the subject or context otherwise requires, the following terms / expressions shall bear the meanings specified below:

"Act" means the Companies Act, 2017;

"Assets" means assets, properties and rights of every description and kind (whether immovable or movable; real, corporeal or incorporeal; present or future; actual or contingent), and includes properties and assets held on trust or as benami and securities, benefits, powers, rights, authorities, privileges, contracts, Government consents, tax credits / refunds, sanctions and authorizations, including all registrations, licences, permits, categories, entitlements, sanctions, permissions and benefits relating to the business / Company, all trademarks, patents, copyrights, licenses, liberties, secret processes, know-how, confidential information belonging / pertaining to the Company. Without in any way limiting or prejudicing the generality of the foregoing, Assets shall include: (a) all properties, immovable and movable, real, corporeal or incorporeal, in possession or reversion, present or contingent, of whatsoever nature and



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wheresoever situated, belonging to the Company or claimed by Company, as well as equity, stocks, debentures, bonds, rights under futures, options, derivative contracts, commodities etc. (and all rights associated therewith); (b) all inventory, stock-in trade, consignments from shipments, plant, machinery, equipment, furniture and fixtures, computer hardware and software, software applications and licences, motor vehicles, office equipment, appliances and accessories, spare parts and tools; (c) all choses-in-action, instruments, decretal amounts, bank and other accounts, cash balances, lease deposits, receivables, receipts, claims or entitlement under any and all insurance policies, reserve funds, revenue balances, investments, loans, advances, guarantees, deposits, prepayments, receivables, book debts, trade debts and all other rights and interest in and arising out of such property in the ownership, possession, power or control of the Company, whether within or out of Pakistan, and all books of accounts, registers, records, information, reports, policies, research and all other documents of whatever nature relating thereto; (d) all the connections and facilities for telecommunications, gas, electricity and other installations, owned by, leased or licensed to the Company; and (e) the contingent claims (whether disclosed or otherwise) and proceeds realized from the liquidation of the contingent claims;

"Company" shall have the meaning as prescribed in the Preamble above;

"Completion Date" means the date on which this Scheme becomes binding and operative pursuant to Article 4.1 of this Scheme;

"Consequential Actions" shall mean all such actions that may need to be taken by the Creditors and / or the Company to fully give effect to this Scheme in letter and spirit upon the sanction thereof;

"Consequential Documents" shall mean all such documents, deeds, instruments and agreements that may need to be executed by the Creditors and / or the Company to give effect to this Scheme (subject to the sanction thereof). Such documents may include settlement agreements, master restructuring agreements, inter-creditor agency agreements, finance agreements, security documents, supplementary or amendatory documents with respect to existing finance agreements / security documents, and other documents required to effectuate the restructurings / settlements / arrangements / Options pursuant to this Scheme, along with no objection certificates, forms and / or instruments necessary or expedient for the purpose of effecting this Scheme in letter and spirit;

"Continuing Creditors" means the Creditors who shall continue to be secured creditors of the Company as a consequence of this Scheme, including to whom the Company shall owe amounts and / or who shall provide financing facilities to the Company, in each case, in accordance with the relevant Option(s);

"Court" means the High Court of Sindh at Karachi, or any other court of competent jurisdiction for the time being having jurisdiction under Sections 279 to 283 and 285 of the Act, with respect to this Scheme;

"Creditors" means collectively the secured creditors of the Company as more particularly detailed in Schedule A, including banking companies, investment banks, leasing companies, funds / modarabas, development finance institutions, companies, persons, along with their respective successors-in-interest and permitted assigns, who are owed the Outstanding Liabilities by the Company, and the term "Creditor" shall mean any of them;

"Determination Date" has the meaning ascribed thereto in Article 5.2;

"Director(s)" means the person(s) nominated and elected / appointed as the directors of the Company, on its Board of Directors, in accordance with the Act;

"Legal Proceedings" mean the legal proceedings threatened, filed or instituted by one or more of the Creditors against the Company (and / or its officers, Directors, shareholders) and / or by the Company against one or more Creditors (if any) by way of, *inter alia*, suit, application, petition, execution application, appeal, review petition, reference or complaint before any court, tribunal, arbitrator or authority, including before the SECP or any other competent authority including, but not limited to, the legal proceedings filed by or against any of the Creditors and specified in Schedule C hereto, and irrespective of whether any order, judgment or decree has been passed in such legal proceedings;





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**"Liabilities"** means collectively the Outstanding Liabilities and the Other Liabilities;

**"Long Stop Date"** means 6 (six) months from the Options Selection Date, or such later date as mutually agreed between the Company and the Majority Creditors;

**"Majority Creditors"** means, at any point in time from the Completion Date, the Creditors (collectively) representing more than 50% (fifty percent) (in value) of the existing (at that time) Outstanding Liabilities. For clarity purposes, the term "Majority Creditors" shall not include or factor in (i) the Creditors that may have ceased to be creditors of the Company pursuant to this Scheme, including those whose portion of the Outstanding Liabilities have been settled and paid in terms of Option C (i.e. to the extent of the settlement); and (ii) any new creditor, or any new liability towards an existing Creditor, that may have been created after the sanction of this Scheme (including in terms of Option A and / or Option B);

**"Option Selection Date"** has the meaning ascribed thereto in Article 6.1;

**"Options"** means the options listed in Schedule D (along with the salient features thereof) i.e. Option A, Option B and Option C, being the options for the restructuring and / or settlement of the Liabilities;

**"Other Creditors"** means the creditors of the Company, excluding the Creditors, which shall not be part of this Scheme and in respect of which / whom the liabilities and obligations of the Company shall not be affected in terms hereof;

**"Other Liabilities"** means all amounts which are due, outstanding and payable by the Company to the Creditors prior to the implementation of the Options, excluding the Outstanding Liabilities, and including, without limitation, accrued / outstanding mark-up / return / profit / lease rentals on the Outstanding Liabilities, costs, expenses, cost of funds, damages, liquidated damages, penalties, fees etc.;

**"Outstanding Liabilities"** means the aggregate sum of PKR 53,419,000,000 /- (Pak Rupees Fifty Three Billion Four Hundred Nineteen Million), being the total principal amounts outstanding and payable by the Company to the Creditors as of the Valuation Date, as per details provided in Schedule B, which shall be updated / revised as of the Determination Date in accordance with the provisions of this Scheme (and the term shall be construed accordingly);

**"PKR" or "Pak Rupees"** means Pakistani Rupees being the lawful currency of Pakistan;

**"Scheme"** means this Scheme of Arrangement, along with any modification, addition, alteration or clarification thereafter;

**"SECP"** means the Securities and Exchange Commission of Pakistan;

**"Security" or "Securities"** mean any right, title, interest and benefit to any or all of the Assets created and / or granted as security by the Company and / or third parties to or in favour of the Creditors or any one or more of them, including those created by way of mortgage, charge, pledge, lien, hypothecation, assignment or any other manner whatsoever and including any document or instrument evidencing the creation of such right, title or interest by way of security in favour of the Creditors from time to time; and

**"Valuation Date"** means July 31, 2022.

1.2. In this Scheme, unless specified otherwise:

- (i) a reference to a Recital, Article or Schedule is to a recital, article or schedule of or to this Scheme;
- (ii) the headings in this Scheme are for convenience only and shall not affect the construction or interpretation thereof;
- (iii) a reference to any legislation or legislative provision includes any statutory modification of, or re-enactment of, or legislative provision substituted for, and any subordinate legislation under that legislation or legislative provision;



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- (iv) words denoting the singular shall include the plural and vice versa;
- (v) "including" and "include" shall be deemed to mean "including, without limitation" and "include, without limitation"; and
- (vi) the word "hereof", "herein", "hereto" and "hereunder" and words of similar import when used, with the required linguistic and / or grammatical derivation, in this Scheme refer to this Scheme as a whole and not to any particular provision thereof.

## ARTICLE 2

### BACKGROUND; REASONS FOR AND BENEFITS OF THIS SCHEME

- 2.1. The Company is a public limited company, listed on the Pakistan Stock Exchange Limited and was incorporated on March 28, 2001, as a private company limited by shares. The Company was later converted into a public limited company in 2007, and was listed on the Pakistan Stock Exchange in the year 2014. The present authorized share capital of the Company is PKR 50,000,000,000 (Pak Rupees Fifty Billion), divided into 5,000,000,000 (Five Billion) ordinary shares of PKR 10/- (Pak Rupees Ten) each, out of which 999,120,680 (Nine Hundred Ninety-Nine Million One Hundred Twenty Thousand Six Hundred Eighty) ordinary shares have been issued, fully subscribed to and paid up. The Company is principally engaged in the business of procurement, storage and marketing of petroleum, chemicals, LPG and related products.
- 2.2. On account of, *inter alia*, financial liquidity scarcity as well as regulatory and macroeconomic factors, the Company has faced difficulties in meeting its financial obligations towards the Creditors in respect of the financial indebtedness and financing facilities availed by the Company. Consequently, various Creditors have proceeded with legal action against the Company by, *inter alia*, initiating the Legal Proceedings. The Company has also incurred significant losses, which was exacerbated by the lack of financing available to the Company, thus hampering its business and operations.
- 2.3. Having said that, the Company has continued to strive through numerous challenges and has appointed a new management which has been working, with the support of its major shareholder / supplier, to continue the Company's operations and prepare a revival plan, which has also resulted in a positive EBITDA for the Company.
- 2.4. It is therefore necessary to restructure and settle the Liabilities in order to rehabilitate the Company and ensure that it remains a going concern, as it is impossible for the Company to pay its existing liabilities unless the Creditors take / accept steps to lessen the unsustainable burden of liabilities on the Company's balance sheet, failing which the Company will not be able to pay off a substantial portion of its liabilities. In such case, each of the Creditors will ultimately lose significant amounts, and the Company will inevitably be forced to proceed towards winding up.
- 2.5. Accordingly, with a view to consider and effectuate the rehabilitation of the Company, and the settlement / restructuring of the Liabilities, the Board of Directors has approved this Scheme, which reflects the terms and conditions proposed by the Company for a compromise and arrangement between the Company and the Creditors, for sanction of the Court, subject to compliance of the requirements of Sections 279 to 283 of the Act.
- 2.6. The Company (including the management and Board of Directors) have considered alternate ways of achieving and implementing the terms and conditions of the proposed compromise and arrangement, as contained in this Scheme, in the most legally effective and practical manner. Consequently, the Company, based on legal advice, has concluded that the most effective means of achieving the intended compromise and arrangement, as prescribed in this Scheme, which would be binding on all the Creditors, the Company and all other parties / stakeholders in general, is to have this Scheme approved by the requisite majority of the Creditors and shareholders of the Company in terms of the provisions of Sections 279 to 283 of the Act and sanctioned by the Court.
- 2.7. Keeping in mind the interests of the Creditors, it would be feasible to settle / restructure the existing financial liabilities of the Company in the manner prescribed under this Scheme. The same would enable the Creditors to salvage their investments / finance in the present and improve their respective balance sheets by reducing their losses.



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- 2.8. The Creditors will save cost of litigation and this Scheme shall effectuate a fair, reasonable and just outcome for the Creditors, which will also permit the rehabilitation and revival of the Company and its operations, and will thus protect the shareholders of the Company and other stakeholders.

### ARTICLE 3

#### OBJECT OF THIS SCHEME

- 3.1. The principal objective of this Scheme is to record the terms and conditions of a legally binding compromise and arrangement between the Creditors on the one part and the Company on the other part, for ensuring, *inter alia*, the restructuring / settlement of the Liabilities and ancillary measures as follows:
- (i) Settlement / restructuring and repayment of (to the extent applicable) the Outstanding Liabilities, with the respective Creditors, based on the Options prescribed under this Scheme;
  - (ii) Waiver and settlement of the Other Liabilities in its entirety;
  - (iii) Provision of additional financing / finance facilities (including by way of rescheduling / restructuring or otherwise) by the respective Continuing Creditors to the Company in accordance with the relevant Option selected by the relevant Continuing Creditor (to the extent applicable);
  - (iv) Release / vacation / discharge of the Security interests over the Company's Assets existing in favour of the Creditors, and substitution thereof by the Company pursuant to the creation of fresh Security interests in favour of the Continuing Creditors in accordance with Option A and Option B;
  - (v) The suspension of all Legal Proceedings by the Creditors against the Company, its shareholders, officers, management, Directors etc. (and vice versa) pending implementation of the Options in accordance with the provisions of this Scheme, including carrying out the Consequential Actions and entering into the Consequential Documents, and thereafter withdrawal of all Legal Proceedings; and
  - (vi) The approval of the members / shareholders to support the terms of settlement and restructuring through additional equity funding required by the Company in terms of this Scheme.

- 3.2. It is clarified that this Scheme and the arrangement envisaged hereunder does not pertain to the Other Creditors or affect the financial indebtedness, obligations or liabilities of the Company towards the Other Creditors.

### ARTICLE 4

#### COMPLETION DATE

- 4.1. This Scheme shall become binding, operative and effective as soon as an order is passed by the Court under Sections 279 / 282 of the Act, sanctioning this Scheme and making any necessary provisions under Section 282 of the Act, or such other date as stipulated by the Court (the "Completion Date").

- 4.2. The Company shall file a certified copy of the order passed by the Court with the Registrar of Companies, Karachi in accordance with Section 279 of the Act.





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ARTICLE 5

**ACKNOWLEDGEMENT AND DETERMINATION OF THE OUTSTANDING LIABILITIES**

5.1. Subject to the provisions of Article 5.2, the Company and its Directors acknowledge the amount of the Outstanding Liabilities (as per the details provided in Schedule B) as being the principal amounts due and payable to the Creditors as of the Valuation Date, as per the terms of the various contracts, agreements, documents and arrangements existing between the Company and the relevant Creditors, and waive any objection to the calculation of the respective amounts of the Outstanding Liabilities of each of the Creditors, or the right of the relevant Creditor to receive and recover the respective amounts of the Outstanding Liabilities of each such Creditors, notwithstanding that any Creditor may have obtained a decree or order for recovery of a lesser or larger amount (including the break-up components of principal, sale price, purchase price, mark-up, profit, discount rate, investment amounts, lease rentals, rates of return, charges, costs, fees, etc.), having duly verified the amounts and reviewed all supporting documents and statements of accounts. In this respect it is clarified that the Outstanding Liabilities do not include the Other Liabilities, all of which are to stand waived / settled in their entirety under this Scheme and pursuant to the Options.

5.2. It is acknowledged and recorded that the amounts of the Outstanding Liabilities (as stipulated in Schedule E) have been calculated and determined by the Company in good faith based on its books and records, and a review of documents and statements of accounts available with it. The same have not been reconciled with the Creditors. Consequently:

- (a) Upon the sanction of this Scheme by the Court, in case any of the Creditors have objections with respect to the principal amount(s) claimed by them from the Company as of the Valuation Date, the same shall be communicated in writing by such Creditor(s) (along with full details and supporting documents) to the Company within a period of 30 (Thirty) days from the Completion Date (the "Objection Period");

In the event that a Creditor does not notify the Company of its objection regarding the stated principal amounts owed by the Company (forming part of the Outstanding Liabilities stipulated in Schedule B), the amount already stipulated in Schedule B with respect to such Creditor shall be final and binding.

- (b) Thereupon, the Company and the relevant Creditor(s) (which have notified the Company within the Objection Period) shall consult with each other in good faith to determine the principal amounts payable by the Company to such Creditor(s) as on the Valuation Date within 30 (Thirty) days.

It is clarified that no other amounts or liabilities shall be included or claimed by the Creditors as part of such exercise, which would otherwise constitute "Other Liabilities".



- (c) In the event that the Company and relevant Creditor(s) (on an individual basis) are unable to reach mutual consensus regarding the principal amount(s) payable by the Company to such Creditor(s) as on the Valuation Date, the Company shall appoint an independent auditing firm (chartered accountants), having a rating of at least Category "B" on the panel of auditors maintained by the State Bank of Pakistan, to determine the principal amounts payable by the Company to such Creditor(s) as on the Valuation Date.

- (d) The determination shall be carried out by the auditing firm within 14 (fourteen) days, based on the evidence and documents provided by the Company and relevant Creditor(s). The decision of the auditing firm shall be final and binding on the Company and Creditors.

- (e) Pursuant to the above, based on the updated principal amounts owed by the Company to the respective Creditors, the Company shall revise / update the Outstanding Liabilities amount, and Schedule B, within 7 (seven) days (the "Determination Date"), and shall circulate the same to all the Creditors through courier. The updated Schedule B shall be deemed to be part of the sanctioned Scheme, and the settlement / restructuring in terms of this Scheme shall be based on the updated Outstanding Liabilities amount, which shall be final and binding for the purposes of this Scheme.



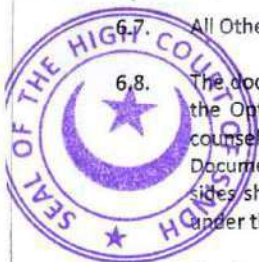


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- 5.3. In respect of the Outstanding Liabilities towards the Creditors, the Company shall, upon the Completion Date, subject to the sanction of this Scheme by the Court, and further subject to the final determination and updating of the Outstanding Liabilities amount in accordance with Article 5.2, be liable to repay / settle / restructure such liabilities towards the Creditors, and the Creditors shall accept such payment / settlement / restructuring (including a combination thereof) of the amounts of the Outstanding Liabilities, in the manner stipulated under this Scheme, as full and final settlement of the obligations of the Company towards the Creditors in respect of the Liabilities, subject to the terms of this Scheme. Furthermore, the Creditors shall accept the settlement / repayment / restructuring (as applicable) arrangements in terms of the relevant Options, and shall waive their rights to recover any amounts exceeding the amounts payable by the Company as contemplated under the Options.

#### ARTICLE 6

##### RESTRUCTURING / SETTLEMENT OF THE LIABILITIES

- 6.1. With respect to the Outstanding Liabilities, within 30 (Thirty) days from the Determination Date (the "Option Selection Date"), each Creditor shall select 1 (one) of the Options for the purposes of settlement / restructuring of its portion of the Outstanding Liabilities due from the Company (subject to the provisions of Schedule D).
- 6.2. In the event that a Creditor does not select any Option by the Option Selection Date, unless otherwise agreed with the Company, it will be automatically deemed that such Creditor has selected Option C, and the Company shall carry out the Consequential Actions accordingly to effectuate the arrangement.
- 6.3. Within 5 (Five) days from the Option Selection Date, the Company shall inform all the Creditors of the Option selected (or deemed to have been selected) by each of the Creditors.
- 6.4. After the Option Selection Date, the Company shall proceed to prepare the Consequential Documents and take the Consequential Actions for the purposes of implementing the settlement / restructuring arrangement based on the Options selected by the respective Creditors, which shall be carried out by the Long Stop Date.
- 6.5. The Creditors shall cooperate with the Company to enter into the Consequential Documents in accordance with the terms and conditions pertaining to the Options (as stipulated in Schedule D) and carry out the Consequential Actions in a timely manner, including provision of documents, certificates, financing lines etc., subject to compliance by the Company of the provisions of this Scheme.
- 6.6. Schedule D and the contents thereof shall form an integral part of this Scheme, and shall form the basis of the Consequential Actions and Consequential Documents.
- 6.7. All Other Liabilities shall stand waived by the Creditors under all the Options.
- 6.8. The documentation and formalities (including the Consequential Documents) for the exercise of the Options and securitization, along with all ancillary matters, shall be prepared by a legal counsel nominated by the Majority Creditors. The terms of the requisite Consequential Documents shall be agreed between the Company and the Majority Creditors (however, both sides shall endeavour to be reasonable and implement the spirit and arrangement prescribed under this Scheme).
- 6.9. The implementation (as defined in Article 9.2) of the Options shall constitute full and final settlement of all Liabilities of the Company towards the respective Creditors, provided that with respect to the Continuing Creditors, the liabilities and obligations of the Company shall be under and pursuant to the Consequential Documents pertaining to the implementation of Option A and Option B.





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ARTICLE 7

SECURITIES

- 7.1. Where any Creditors have selected (or are deemed to have selected) Option C, the Securities created / existing in favour of each such Creditor with respect to the Liabilities shall automatically stand vacated and discharged upon payment of the relevant amounts by the Company to the respective Creditor (in accordance with the terms of Option C). The Company shall file the necessary Form XVIs with the SECP and redemption deeds with the relevant registrars (as may be applicable) upon such payment being made, and the sanction of this Scheme shall constitute the requisite no objection / approval from all such Creditors for the vacation of the Securities in their favour upon such payment being made. Having said that, upon the request of the Company, such Creditors shall provide the requisite documents and carry out all necessary acts in order to vacate all Security interests existing in their favour.
- 7.2. Where any Creditors have selected Option A or Option B (i.e. are Continuing Creditors), the Securities created / existing in favour of each such Continuing Creditor shall be replaced / substituted / modified with the Securities stipulated in Schedule D (pertaining to the relevant Option). Consequently, and in order to achieve the same, the Securities existing in favour of Continuing Creditors shall be vacated / discharged or modified (as may be applicable) to achieve the Security position detailed in Schedule D, pursuant to the Consequential Documents. The Continuing Creditors shall enter into and / or provide the necessary Consequential Documents in a timely manner. The Company shall file the requisite Form Xs', XVIs' and XVIs', mortgage deeds, redemption deeds etc. as may be applicable.

ARTICLE 8

OBLIGATIONS

- 8.1. The Company and its Directors undertake to ensure compliance with and fulfillment of the following:
- (i) Subject to the sanction of this Scheme by the Court, the Company shall facilitate and perform all actions, as required under this Scheme and for effectuating the arrangements stipulated hereunder in a timely manner, including carrying out the Consequential Actions and entering into and abiding by the Consequential Documents; and
  - (ii) Ensure that it takes all necessary steps to promote this Scheme and the arrangement prescribed hereunder and not take any action that may jeopardize the restructuring / settlement.
- 8.2. The Company and Directors shall take steps to raise funds through equity injections, including from the existing shareholders of the Company and / or new investors, by the Long Stop Date, in order to facilitate the effectuation and implementation of the Options.
- 8.3. The Continuing Creditors shall, subject to the implementation of Option A and / or Option B (as the case may be), provide additional / renewed financing facilities to the Company, including in terms of restructured / rescheduled facilities, fresh working capital lines etc. in the manner stipulated in Option A and Option B (as the case may be).
- 8.4. By approving the Scheme, the members / shareholders of the Company are acknowledging and approving the restructuring and settlement terms under this Scheme and the obligation being assumed by the Company to take steps to raise the requisite equity funding to support the payments required to be made to the Creditors under the Scheme.



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ARTICLE 9

LEGAL PROCEEDINGS

- 9.1. From the Completion Date and till the implementation of the relevant Options, all Legal Proceedings shall stand suspended / sine die and no further action shall be taken by any party to the Legal Proceedings and / or any court, tribunal, authority or forum whatsoever, except and in accordance with the terms of this Scheme.
- 9.2. After the implementation (from time to time) of the relevant Options in accordance with the provisions of this Scheme, the relevant parties to the Legal Proceedings undertake to take all actions that may be necessary for recording the withdrawal of the respective Legal Proceedings and satisfaction and discharge of the claims under the Legal Proceedings in terms of and pursuant to this Scheme. For the purposes of this Article, "implementation" of (i) Option A and / or Option E shall mean entering into the relevant Consequential Documents pertaining to the same, and perfection of the Security in favour of the relevant Continuing Creditors; and (ii) Option C shall mean payment of the settlement amount(s) to the relevant Creditors. It is clarified that each Creditor shall be treated severally for the purposes of this Article; accordingly, upon implementation of an Option pertaining to a particular Creditor, steps shall be taken for the withdrawal of all Legal Proceedings involving such Creditor. The parties to the respective Legal Proceedings shall cause all amounts, securities, guarantees etc. placed with the Court, including the Nazir, to be released to the Company.
- 9.3. In the event that the Company or its Directors are in default of any material obligation, covenant or representation under this Scheme, or upon the occurrence of an event of default (as more particularly described in Article 10), the Creditors (in respect of which the selected Option has not been implemented) shall become absolutely and immediately entitled to pursue all rights and remedies available to each such Creditor under law, in respect of the Legal Proceedings and this Scheme, and the Creditor(s) and Company may, at their discretion, institute proceedings on the cause of action arising under this Scheme or in respect of the Liabilities and rely on any document or agreement available with each Creditor for enforcing their respective rights and remedies including this Scheme.
- 9.4. Nothing contained in Articles 9.1 to 9.3 will, in any way, prejudice the rights and remedies of the Continuing Creditors against the Company (and vice versa), including the rights and remedies under law or this Scheme, to recover all amounts in respect of the restructured / continuing / additional finances and facilities provided / availed pursuant to the exercise of Option A or Option B.
- 9.5. In the event that this Scheme is not approved by the requisite majority in value of the Creditors or sanction of this Scheme is not granted by the Court, nothing contained in this Scheme including, but not limited to, any amounts of liabilities of the Creditors shown in the Schedules, having been shown for settlement purposes only, shall be relied upon, construed or used as an admission or produced in evidence by any Creditor or the Company or its Directors in any pending or future litigation and the rights and remedies available immediately prior to the submission of this Scheme shall not be prejudiced thereby.

ARTICLE 10

EVENT OF DEFAULT

- 10.1. Each of the following events shall constitute an event of default, as declared by the Majority Creditors (unless provided for otherwise):
- (i) All the Options are not implemented (as defined in Article 9.2) by the Long Stop Date (including failure or refusal by the Company to enter into the Consequential Documents), unless the delay is not primarily attributable to the Company or the Directors; or
  - (ii) Failure by the Company to abide by the provisions of this Scheme and / or any part of the arrangement contemplated hereunder, once the Scheme has been sanctioned by the Court, which is not cured / corrected within a period of 60 (sixty) days of notice from the Majority Creditors; or



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- (iii) If the Company or its Directors take any step or action inconsistent with or against the objectives or terms of this Scheme or commit any material breach or default of any term and / or condition of this Scheme, which is not cured within a period of 60 (sixty) days of notice from the Majority Creditors.

10.2. Upon the occurrence of an event of default in terms of this Scheme, at the option of the Majority Creditors, the arrangements and compromise in terms of this Scheme may be terminated by notice in writing by the Majority Creditors to the Company (without affecting or prejudicing the Creditors' rights and remedies provided in this Scheme or under law or otherwise). Provided however that, upon the occurrence of an event of default:

- (i) Those Creditors, who have already been paid / settled pursuant to Option C prior to the termination of the Scheme, shall not be entitled to any claims or amounts, and all Liabilities in respect of such Creditors shall be deemed to have been fully and finally settled. Consequently, the provisions of the Scheme, including the requirement to withdraw Legal Proceedings, shall continue to be valid and binding on such Creditors; and
- (ii) In the case of Option A and Option B, where any such Option has been implemented prior to the termination of the Scheme, the terms of the Consequential Documents pertaining to such Option shall be applicable and binding, and the event of default shall not impact the Creditors who have selected such Option which has been implemented (or the Company with respect to such portion of the arrangement). Consequently, the provisions of the Scheme, including the requirement to withdraw Legal Proceedings, shall continue to be valid and binding on such Creditors.

10.3. Furthermore, upon the termination of this Scheme, with respect to those Creditors whose selected Option has not been implemented, the Creditors and Company may, in respect of the Legal Proceedings suspended (involving such Creditors), reinstate the same with any court, tribunal, arbitrator or authority.

10.4. It is clarified that breaches of the provisions of the relevant Consequential Documents pertaining to an implemented Option shall be a separate cause of action, the legal remedy for which shall be under such Consequential Document.

#### ARTICLE 11

##### GENERAL

##### 11.1. Modifications by the Court

This Scheme shall be subject to such modification or conditions, as the Court may deem expedient to impose. The Directors may consent to any modifications or additions to this Scheme or to any conditions which the Court may think fit, if the same does not substantially affect the provisions hereof. In case of any difficulty in implementation of any aspect of this Scheme, clarifications, directions and / or approval may be obtained from the Court. Notwithstanding the above, in the event that the terms of this Scheme are not approved by the shareholders of the Company and / or the Creditors in its entirety and / or the Scheme, as approved, is modified by the Court, the Board of Directors of the Company, shall be entitled to withdraw this Scheme (whether or not approval from the shareholders of the Company and / or the Creditors has been obtained).

##### 11.2. Severability

If any provision of this Scheme is found to be unlawful and unenforceable by a competent court of law, then to the fullest extent possible, all of the remaining provisions of this Scheme shall remain in full force and effect.



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11.3. Schedules

Notwithstanding anything to the contrary contained herein, the Schedules shall be subject to revision (to the extent permitted under this Scheme) and all provisions contained herein shall be interpreted and construed accordingly.

11.4. Costs and expenses

All costs, charges and expenses in respect of the preparation of this Scheme and carrying the same into effect shall be borne by the Company.

Karachi.  
Dated: September 27, 2022.

For and on behalf of  
HASCOL PETROLEUM LIMITED

Name: Farhan Ahmad

Designation: Company Secretary





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LIST OF SCHEDULES TO THE SCHEME

- "Schedule A" - List of the Creditors
- "Schedule B" - Details of the Outstanding Liabilities
- "Schedule C" - Details of the Legal Proceedings
- "Schedule D" - Details of the Options

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**SCHEDULE A**

**LIST OF THE CREDITORS**

1. National Bank of Pakistan
2. Habib Bank Limited
3. Meezan Bank Limited
4. Habib Metropolitan Bank Limited
5. Askari Bank Limited
6. The Bank of Punjab
7. Sindh Bank Limited
8. The Bank of Khyber
9. Al Baraka Bank (Pakistan) Limited
10. Bank Alfalah Limited
11. Faysal Bank Limited
12. BankIslami Pakistan Limited
13. Dubai Islamic Bank Pakistan Limited
14. Samba Bank Limited
15. United Bank Limited
16. First Women Bank Limited
17. Privately Placed Sukuk participants
18. MCB Bank Limited
19. Summit Bank Limited
20. Pak Oman Investment Company Limited
21. First Habib Modaraba





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**SCHEDULE B**

**DETAILS OF THE OUTSTANDING LIABILITIES**

Sr. No.	Name of Creditor	Outstanding Liabilities Amounts in PKR Millions (as of the Valuation Date)
1.	National Bank of Pakistan	18,766
2.	Habib Bank Limited	5,019
3.	Meezan Bank Limited	4,070
4.	Habib Metropolitan Bank Limited	3,600
5.	Askari Bank Limited	3,289
6.	Bank of Punjab	2,887
7.	Sindh Bank Limited	2,022
8.	The Bank of Khyber	1,806
9.	Al Baraka Bank (Pakistan) Limited	1,782
10.	Bank Alfalah Limited	1,768
11.	Faysal Bank Limited	1,756
12.	BankIslami Pakistan Limited	1,550
13.	Dubai Islamic Bank Pakistan Limited	1,277
14.	Samba Bank Limited	972
15.	United Bank Limited	747
16.	First Women Bank Limited	655
17.	Privately Placed Sukuk (participants)	500
18.	MCB Bank Limited	401
19.	Summit Bank Limited	375
20.	Pak Oman Investment Company Limited	93
21.	First Habib Modaraba	84
	<b>Total</b>	<b>53,419</b>

Note: The amounts of the Outstanding Liabilities are subject to change / revision in accordance with the provisions of the Scheme on the Determination Date.



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**SCHEDULE C**

**DETAILS OF THE LEGAL PROCEEDINGS**

Sr. No.	Name of Creditor / Case Title	Nature of Litigation / Legal Proceeding	Forum
1.	United Bank Limited vs. Hascol Petroleum Limited	Suit No. B-36 of 2021	Sindh High Court, Karachi
2.	The Bank of Punjab vs. Hascol Petroleum Limited	Suit No. B-39 of 2021	Sindh High Court, Karachi
3.	MCB Bank Limited vs. Hascol Petroleum Limited	Suit No. B-37 of 2021	Sindh High Court, Karachi
4.	Samba Bank Limited vs. Hascol Petroleum Limited	Suit No. B-50 of 2021	Sindh High Court, Karachi
5.	National Bank of Pakistan vs. Hascol Petroleum Limited	Suit No. B-08 of 2022	Sindh High Court, Karachi
6.	Sindh Bank Limited vs. Hascol Petroleum Limited	Suit No. B-03 of 2022	Sindh High Court, Karachi
7.	Summit Bank Limited vs. Hascol Petroleum Limited	Suit No. B-05 of 2022	Sindh High Court, Karachi
8.	Bank Alfalah Limited vs. Hascol Petroleum Limited	Suit No. B-20 of 2022	Sindh High Court, Karachi
9.	Meezan Bank Limited vs. Hascol Petroleum Limited	Suit No. B-16 of 2022	Sindh High Court, Karachi
10.	BankIslami Pakistan Limited vs. Hascol Petroleum Limited	Suit No. B-09 of 2022	Sindh High Court, Karachi
11.	Mena Energy DMCC vs. Hascol Petroleum Limited	Execution 51 of 2019 High Court Appeal No. 186 of 2021 (to the extent of the intervener applications filed by any Creditors)	Sindh High Court, Karachi





## SCHEDULE D

### OPTIONS

#### 1. OPTION A – Long Term Restructuring Option

The following shall be the salient features of Option A for those Creditors who select the same in accordance with Article 6.1 of the Scheme:

Feature	Details
Description	The portion of the Outstanding Liabilities due to each such Creditor shall be converted / rescheduled into a term loan (the "Term Loan").
Tenor	Subject to the below, the tenor of the Term Loans shall be for a period of 12 (twelve) years from the Completion Date.
Structure	The Term Loan(s) shall be structured as 1 (one) or more standard bilateral / syndicated conventional facilities and / or Islamic long term facilities (for those Creditors which are Shariah compliant).
Return	The outstanding Term Loan(s) shall not bear any mark-up / profit / interest or return of any nature.  Additionally, no costs, fees or other amounts may be charged to the Company (other than actual costs for entering into the Consequential Documents).
Payment / Repayment	Based on a tenor of 12 (twelve) years, repayment / payment of the Term Loans shall be made in 10 (ten) equal annual instalments, with a grace period of 2 (two) years, commencing from the Completion Date.  Having said that, in light of the objectives of the Scheme and the predicted cash flows of the Company, the collective repayment / payment instalment amounts per year for all the Creditors that opt for Option A shall not exceed PKR 2,000,000,000/- (Pak Rupees Two Billion).  Accordingly, in the event that the portion of the Outstanding Liabilities of the Creditors selecting Option A exceeds PKR 20,000,000,000/- (Pak Rupees Twenty Billion), the tenor of all the Term Loans shall stand extended in such manner that the amounts of the annual payments / repayment instalments (in equal instalments, after a 2 (two) year grace period) shall not exceed PKR 2,000,000,000/- (Pak Rupees Two Billion).
Other Liabilities	All Other Liabilities shall stand irrevocably waived upon the implementation of the Option.
Security	The Term Loan(s) shall be secured against specific fixed assets of the Company with a margin of 10% (Ten percent). The Creditors selecting such Option shall share such security on a first <i>pari passu</i> basis <i>inter se</i> , for which purpose existing Creditors holding charges over such assets shall issue the requisite no objection certificates.  Alternatively, if suggested by the counsel appointed by the Majority Creditors, existing charges over such fixed assets shall be vacated / discharged and a fresh security shall be created in favour of the Creditors which have opted for Option A in an efficient and cost-effective manner.



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Additional Terms	<p>Creditors selecting Option A, who already have charges over the current / movable assets of the Company (including stocks, book debts and receivables) shall be mandatorily required to discharge / vacate all such changes / encumbrances.</p> <p>The Creditors shall also be required to issue their no objection for the purpose of creating ranking charges over the fixed assets in favour of Creditors that have selected Option B.</p>
Default Provisions	<p>While standard default provisions shall be included in the Consequential Documents, in the event that the Company defaults in the payment / repayment of any annual instalment on a due date, subject to providing a cure period of 30 (thirty) days, the relevant Creditors shall be entitled to demand repayment of the entire outstanding Term Loan amount (under that facility document), which shall be payable by the Company within 90 (ninety) days from receipt of a default notice from the Creditor.</p>
Prepayment	<p>Permissible, in whole or in part, without any conditions or penalties.</p>

## 2. OPTION B – Working Capital Restructuring Option

The following shall be the salient features of Option B for those Creditors who select the same in accordance with Article 6.1 of the Scheme:

Feature	Details
Description	<p>The portion of the Outstanding Liabilities (whether representing or pertaining to short-term or long-term facilities) due to each such Creditor shall be converted / rescheduled into new short-term working capital lines for the Company, in the amount equal to the full portion of the Outstanding Liabilities due to such Creditors (the "Working Capital Lines").</p>
Purpose	<p>The Working Capital Lines shall be utilized for the procurement of Petroleum Products and managing the day-to-day affairs of the Company.</p>
Arrangement	<p>The Company shall make payments in a rundown manner over a 60 (sixty) days horizon to open letters of credit for its business, having a 60 (sixty) days usance period.</p> <p>The same will be carried out in a phased manner such that the full amount of the Working Capital Lines are activated against which regular payments are made on the respective due dates.</p>
Structure and Terms	<p>The Working Capital Lines shall be structured as 1 (one) or more running finance / working capital / L/C facilities and / or Islamic facilities (for those Creditors which are Shariah compliant).</p> <p>The Creditors selecting Option B agree and commit that the Working Capital Lines will be renewed / rolled over annually for a minimum period of 10 (ten) years from the date of execution of the Consequential Documents pertaining to this Option B, provided that the Company shall always keep the Working Capital Lines current.</p> <p>The Company will settle the entire outstanding Working Capital Lines, if required by the Creditors which have opted for this Option, after the expiry of the aforementioned 10 (ten) year period, or in the event of a default in keeping the Working Capital Lines current, upon earlier demand of the Creditors, in accordance</p>





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	with the provisions of the Consequential Documents pertaining to such facility(ies).
Return	<p>The Working Capital Lines shall be made available to the Company through a minimum of 60 (sixty) days import Usance Letters of Credit with zero margin.</p> <p>Additionally, no costs, fees or other amounts may be charged to the Company (other than actual costs for entering into the Consequential Documents).</p>
Collection / Settlement	After activation / regularization of the Outstanding Liabilities portion under this Option B, the Company shall keep the Working Capital Lines active through collection involving sale of imported / local refinery products and / or additional equity injection / sponsors' loan on an ongoing basis.
Other Liabilities	All Other Liabilities shall stand irrevocably waived upon the implementation of the Option.
Security	The Working Capital Lines will be secured by way of (i) hypothecation of stocks in favour of the Creditors selecting this Option B, on a <i>pari passu</i> basis <i>inter se</i> such Creditors; and (ii) a ranking charge over all fixed assets of the Company, in each case with a margin of 10% (Ten percent).
Additional Terms	<p>Creditors selecting Option B, who already have charges over the fixed assets of the Company shall be mandatorily required to discharge / vacate all such charges / encumbrances (and the ranking charge shall be created thereafter).</p> <p>The maximum Outstanding Liability available to be restructured under this Option B is limited to PKR 21,000,000,000/- (Pak Rupees Twenty-One Billion) (with cash outflow for down payment being limited to PKR 10,500,000,000/- (Pak Rupees Ten Billion Five Hundred Million)). Accordingly, in the event that the Outstanding Liabilities of the Creditors seeking to opt for this Option B exceeds the aforementioned amount, Creditors shall be prioritized on a first come first serve basis. Furthermore, if agreeable to the Company, only in such event, a Creditor may apportion a part of the Outstanding Liability due to it between Option A and Option B, and be part of both such Options.</p>

### 3. OPTION C – Settlement Option

The following shall be the salient features of Option C for those Creditors who select the same in accordance with Article 6.1 of the Scheme or have deemed to have selected the same in accordance with Article 6.2 of the Scheme:

Feature	Details
Description	The portion of the Outstanding Liabilities due to each such Creditor shall be settled.
Arrangement	<p>Subject to the below, the Creditors falling within this Option shall be paid up to 30% (thirty percent) of their respective portion of the Outstanding Liabilities (the "Settlement Amount") as full and final settlement of all Liabilities due to such Creditors (calculated as the present value of the Outstanding Liabilities offered under Option A above).</p> <p>Provided however that the total amount available to be offered by the Company to the Creditors under this Option C is limited to PKR 4,300,000,000/- (Pak Rupees Four Billion Three Hundred Million).</p>



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	Consequently, if the portion of the Outstanding Liabilities of the Creditors opting for Option C collectively exceeds such amount, the available cash amount will be distributed pro-rata to all Creditors opting for this Option C, which would result in a lower percentage of Outstanding Liabilities being paid, which shall still constitute full and final settlement of all Liabilities due to such Creditors.
Payment	The same shall be paid on or before the Long Stop Date.
Structure	Subject to legal advice from the legal counsel preparing the Consequential Documents, the parties shall enter into settlement agreements.
Release of Security	Upon receipt of the Settlement Amount, the Creditors shall release, vacate and discharge all Security interests over the Assets in the manner detailed in the Scheme. Furthermore, the Creditors shall provide all necessary documents and take such actions requested by the Company to release all such encumbrances within a reasonable period and without any delay.
Other Liabilities	All Other Liabilities shall stand irrevocably waived upon the implementation of the Option.  Additionally, no costs, fees or other amounts may be charged to the Company.

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