



Dated: December 23, 2023

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

**MATERIAL INFORMATION – APPROVAL OF THE SCHEME**

Dear Sir,

The Honorable Lahore High Court in its order **C.O No. 40373/2023** dated **December 21, 2023** has approved the Merger Scheme of Compromises, Arrangement and Reconstruction (the "Scheme") under Section 279 to 283 and 285 of The Companies Act, 2017 as follows:

AEL Textiles Limited	(AEL)	Transferor
Stylers International Limited	(SIL)	Transferee

Upon the Completion of merger/amalgamation through the intended Scheme, AEL will be dissolved under the Order of the Honorable Lahore High Court, Lahore without winding up, and the issuance of shares of SIL to the registered members of AEL.

Effective Date	March 31, 2023
Sanction Date	December 21, 2023

As per the approved Scheme, SIL shall be listed at Pakistan Stock Exchange Limited (PSX).

The information/ documents as mentioned in Annexure-I of chapter 5 of the PSX Rule Book shall be provided in due course of time as the Board of Directors of SIL may determine.

This is for your information and necessary action.

Yours truly  
For AEL Textiles Limited

Tariq Majeed  
Company Secretary



Enclosures: 1. Certified Copy of the Order of the honorable Lahore high Court  
2. Certified Copy of the Scheme

CC: 1. Central Depository Company of Pakistan Limited  
2. National Clearing Company of Pakistan Limited  
3. Securities & Exchange Commission of Pakistan & CRO Office Lahore

Form No:HCJD/C-121

For Private Use

Copy to be filed in  
Lahore High Court, Lahore

**ORDER SHEET**  
**IN THE LAHORE HIGH COURT**  
**LAHORE.**  
**JUDICIAL DEPARTMENT**

**Case No: C.O. No.40373/2023.**

**In the matter of:-**

**AEL Textiles Limited and one other**

S. No. of order/ Proceeding	Date of order/ proceeding	Order with signature of Judge, and that of parties or counsel, where necessary.
-----------------------------------	---------------------------------	--

21.12.2023. M/s Arshad Nazir Mirza, Amna Iqbal, Barrister Maryam Salman and Hamza Sheikh, Advocates, for the petitioner.  
Mr. Ruman Bilal, Advocate/Legal Advisor for SECP.

This is a joint application by applicants under section 279 to 283 and 285 of the Companies Act, 2017 (Act) read with SRO 840(I)/2017 dated 24.08.2017 (SRO) and all other enabling provisions of law for sanction of the Scheme of Compromises, Arrangements and Reconstruction.

**MERGER ORDER**

2. Through this application, the applicants are seeking sanction of this Court to the Scheme of Arrangement (hereinafter referred as Scheme) to merge the applicant No.1/ AEL Textile Limited (AEL) alongwith its business, assets and undertaking into applicant's No.2/Stylers International Limited (SIL). The record shows that the said Scheme has been approved by the Board of Directors of the applicants in their Board Meeting dated 07.06.2023. The

TRUE COPY  
C.O. No. 40373/2023  
23/12/23

✓

Scheme has also been considered and approved by the respective members/shareholders of the applicants in their Extra Ordinary General Meeting held on 18.07.2023.

### OBJECTS OF THE SCHEME

3. As per Scheme, it is proposed that all the undertakings, assets, businesses and investments of AEL (as specified in Article 6 of the Scheme), be transferred to SIL alongwith all the rights, interests, obligations and liabilities. As per Scheme: (i) AEL shall be dissolved without winding up; (ii) Shares of AEL will be delisted from the Pakistan Stock Exchange (PSX) and (iii) the shares of SIL will be listed on the PSX, subject to completion of necessary formalities of PSX.

4. Shares issued to members of AEL shall be cancelled. In return each shareholder of AEL shall be given shares in SIL as per swap ratio 0.60 share in SIL for every 1 share in AEL, cancelled on the basis of valuation of shares determined by Rias Ahmad and Company, Chartered Accountants. As per Scheme, SIL will issue 4,800,000 shares to the shareholders of AEL.

### STATUS OF APPLICANTS COMPANIES

#### AEL

5. AEL is a listed public company by shares. The current authorized share capital of AEL is Rs.100,000,000/- divided into 10,000,000/-ordinary shares of Rs.10 each out of

K



which 8,00,000/- shares are fully paid up. Under the Scheme, AEL shall be merged and amalgamated into SIL. The statement of financial position of AEL as of the Effective Date and detailed shareholding of AEL is attached with the Scheme. The detailed particulars of the Scheme of Arrangement are laid down in Article 6 and Article 9 of the Scheme. The total number of the shareholders of AEL as of the Effective Date are 211, whereas the issued share capital of AEL is Rs.80,000,000/- The Shareholders of AEL will be given 4,800,000 shares in SIL. The swap ratio is provided in Article 9.1 of the Scheme. As per Article 6 of the Scheme, the undertaking and business of AEL shall stand transferred to SIL alongwith the listing status in the PSX and eligibility for induction with Central Depository Company of Pakistan Limited (CDC) alongwith all related rights, privileges, sanctions, approvals, licenses and registrations of the sanction date.

#### SIL

6. SIL is an unlisted public company. The authorised share capital of SIL is Rs.5,500,000,000/- divided into 550,000,000 shares of Rs.10 each out of which 430,487,420 ordinary shares are fully paid. As per the Scheme, all of the undertakings, assets and business of AEL that are particularized in Article 6 of the Scheme will transferred to SIL. The shares held by members of AEL shall stand cancelled and new shares shall be issued to them in SIL. Upon sanction of the Scheme,

pursuant to the terms of the Scheme, the authorised share capital of SIL will be merged with that of AEL and shall stands increased to Rs.5,600,000,000/-.

7. The learned counsel for the SECP raised objection that as per the swap ratio 4,800,000 shares of the applicant No.2 are to be issued at Rs.10 to the shareholders of the applicant No.1 increasing the paid-up capital of the applicant No.2 by Rs.48,000,000/-, however, as per Annexure-F to the Scheme, Rs.80,000,000/- has been added to the paid-up capital of the applicant No.2. It was clarified by the applicant companies that paid-up capital of the applicant No.2 shall increase by Rs.48 million, and as such the issued, subscribed and paid-up shares capital of SIL will be reflected as Rs.4,352,874,200/- after the merger, whereas Rs.32 million will be added to the sub-heading of 'share premium' which shall form part of the "reserves" reflecting a total amount of Rs.4,470,101,000/- under "reserves". It was also clarified that the total equity, as stated in the Scheme under Annexure-F i.e. Rs.8,822,975,200/- shall remain the same.

#### BENEFITS OF MERGER

8. The Scheme envisages that in consequences of the merger, there will be a viable unit of applicant No.2, the administrative/overhead costs will be less and thus the operations will be more profitable. There will also be an

ATTESTED  
Examiner  
Copy Supply Section  
Lahore High Court, Lahore

13/12/23  
13/12/23

increase in personnel efficiency by way of consolidated control. The consequential improvement in operations, manufacturing and production of the applicant companies will eventually result in the benefit of the shareholders, employees, consumers and other in general.

#### PROCESS ADOPTED BY THE COURT

9. This Court vide Order dated 14.06.2023, M/s Umer Farooq, Advocate was appointed as Chairman to call and hold Extraordinary General Meeting of the applicants' companies under Section 279(1) of the Act read with Rule 55 & 61 of the Companies (Court) Rules, 1997 (Rules). The notices were issued to the Securities & Exchange Commission of Pakistan (SECP) as well as secured creditors of the applicants' Companies. The notices were also issued to the Competition Commission of Pakistan (CCP).

10. The learned Chairman has submitted his report dated 25.07.2023, according to which Extraordinary Meeting General of the applicants' companies took place at their registered offices on 18.07.2023 and the Scheme was unanimously approved the members/shareholders of the petitioners.

#### OBJECTIONS TO MERGER/SCHEME

11. No objection has been raised/filed on behalf of CCP or any of the Creditors or Shareholders of applicants to the Scheme. This Court also issued notices to PSX which has filed



its comments to the Scheme, however, raised no objection therein.

12. The SECP raised some objections to the Scheme in their comments, however, the applicants satisfied SECP on the said comments. Today, learned counsel for SECP, on instructions, submits that he has no objection for the approval of the Scheme. Similarly, learned counsel for the PSX on instructions, submits that PSX has no objection to the approval of Scheme, on the understanding that PSX related requirement will be complied with by the applicant companies post-sanctioning of the merger.

#### STAMP DUTY/TAXES

13. Transfer of any immovable property under the Scheme shall be subject to applicable taxes and duties including stamp duty. Further if the Provincial Government discovers that any immovable property is being transferred under the said sanctioned Scheme of Merger, it will be at liberty to raise the question regarding imposition of stamp duty in accordance with law/Rules.

#### SANCTION OF THE SCHEME OF ARRANGEMENT/MERGER

14. The Scheme of Arrangement for Merger/reconstruction prima-facie is not prejudicial to the interest of members and creditors of the petitioners companies. This Court is, therefore, satisfied with the merits of the Scheme

✓

(which is placed on record through C.M. No.5/2023) and also been duly stamped and signed by the Addl. Registrar (Court) of this Court. The Scheme is, therefore, sanctioned and it will take effect in terms thereof.

15. The petitioners are directed to submit certified copy of this order with the SECP as required under Section 279 to 281, 282(3) and 285 of the Act.

16. The petition stands disposed of in the above terms.

*Abid Aziz Sheikh*  
(ABID AZIZ SHEIKH)  
JUDGE

*Mij*

M.Ajmal

TRUE COPY  
23/12/23  
Examiner Copy Supply Section  
Court, Lahore

Examiner Copy Supply Section  
Authorized by Order 87 of  
Qanun-e-Ordinances Order 18  
3/12/23

74315  
241223  
19  
C231223  
Date of Security



**ORDER SHEET**  
**IN THE LAHORE HIGH COURT**  
**LAHORE.**  
**JUDICIAL DEPARTMENT**

**Case No: CO. NO.40373/2023.**

**In the matter of:-**

**AEL and one other.**

S. No. of order/ Proceeding	Date of order/ proceeding	Order with signature of Judge, and that of parties or counsel, where necessary.
-----------------------------------	---------------------------------	--

21.12.2023. Mr. Arshad Nazir Mirza, Advocate for the applicant.

**C.M. No.5/2023.**

This is an application to place on record the certified copy of Scheme of Arrangement. Subject to all just and legal exceptions, the application is allowed and the Scheme of Arrangement is placed on record.

*M.Ajmal*  
M.Ajmal

**TRUE COPY**  
 C.O. No. \_\_\_\_\_  
 Examiner: J-2 (Commercial Branch)  
 Lahore High Court, Lahore

(Abid Aziz Sheikh)  
 Judge

**Examiner Copy Supply Section**  
 Authorized to issue Article 87 of  
 Qanun-e-Mahakamat Order 19.

74315

Copy \_\_\_\_\_  
 C.O. No. \_\_\_\_\_  
 S. No. \_\_\_\_\_  
 No. \_\_\_\_\_  
 Examinee's Name \_\_\_\_\_  
 Location \_\_\_\_\_  
 Total \_\_\_\_\_  
 Date of Delivery \_\_\_\_\_

21-12-23

C23023

A

5

# SCHEME OF ARRANGEMENT

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

INVOLVING

AEL TEXTILES LIMITED

AND

STYLERS INTERNATIONAL LIMITED

FOR

The merger and amalgamation of all assets, liabilities, obligations, contracts and undertaking of AEL Textiles Limited with and into Stylers International Limited along with all ancillary matters.



Muhammad Asad  
Addl. Registrar (Court)  
Lahore High Court Lahore



**ATTESTED**  
Examiner  
Copy Supply Section  
Lahore High Court, Lahore



**TRUE COPY**  
C.O. No. ....

Examiner: JIS (Official Branch)  
Lahore High Court, Lahore

SCHEME OF ARRANGEMENT

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

BETWEEN

AEL TEXTILES LIMITED, a public limited company, incorporated and existing under the laws of Pakistan and having its registered office at 19A Commercial Area, Izmir Town, Canal Bank Road, Lahore, Punjab, Pakistan (hereinafter referred to as "AEL", which expression shall mean and include, where the context so requires or admits, its successors-in-interest and permitted assigns);

AND

STYLERS INTERNATIONAL LIMITED, a public limited company, incorporated and existing under the laws of Pakistan and having its registered office at 20-KM, Ferozepur Road, Glaxo Town, Lahore, Pakistan (hereinafter referred to as "SIL", which expression shall mean and include, where the context so requires or admits, its successors-in-interest and permitted assigns).

RECITALS

WHEREAS by this Scheme of Arrangement ("Scheme"), it is *inter alia*, proposed that:

1. The entire undertaking comprising all the Assets, Liabilities and Obligations of AEL, a company principally engaged in the business of textiles trading and manufacturing and ancillary matters, as at the Effective Date shall stand merged with, transferred to, vested in, and be assumed by SIL in accordance with this Scheme formulated under the provisions of Sections 279 to 283 and 285 of the Act.
2. As consideration for the above, it is proposed that SIL Shares shall be issued to the AEL Shareholders in accordance with this Scheme.
3. Furthermore, as a consequence of the above and as part of this Scheme, SIL shall subsume the share capital of AEL and the share capital of SIL shall stand enhanced accordingly.
4. Upon the merger and transfer of AEL in the manner prescribed under this Scheme, as of the Allotment Date, AEL will be dissolved without winding up, AEL shall stand delisted from PSX, and SIL shall stand listed on PSX.
5. This Scheme, if approved by the requisite majority of respective shareholders of AEL and SIL, along with the requisite majority of creditors (as may be applicable), and sanctioned by the Court by an order passed in this respect, is to be binding on AEL and SIL along with all the shareholders, creditors, employees, customers, contracting parties, government and regulatory authorities, bodies and departments of or with respect to AEL and SIL (as applicable) respectively.

  
Muhammad Asad  
Addl. Registrar (Court)  
Lahore High Court Lahore



  
**ATTESTED**  
Examiner  
Copy Supply Section  
Lahore High Court, Lahore





A. **Commercial Arrangement between AEL and SIL and their respective shareholders**

The Amalgamation shall allow the companies to effectuate their commercial arrangement envisaged by the parties, including AEL, SIL and their respective shareholders, through the provisions of sections 279 to 283 and 285 of the Act.

B. **Listing of Shares of an Ongoing Concern and Value for Shareholders**

As part of the Amalgamation, and as prescribed in the Scheme, the ordinary shares of SIL shall be listed on the PSX which will benefit all the shareholders of the merged / surviving company. The existing shareholders of AEL shall hold shares of a profitable entity which is an ongoing concern hence the value of their shareholding shall increase and be liquid / tradeable, in addition to providing the opportunity to receive returns in the shape of dividends. The shareholders of SIL will also obtain the benefit of the listing as the shares will be liquid and freely tradeable (in accordance with the applicable laws).

C. **Larger Asset Base**

The Amalgamation would lead to an increase in the asset base and size of the surviving entity i.e. SIL. The larger size of equity and asset base would provide greater comfort to existing and potential creditors of the merged entity.

D. **Synergies and Reduction in Administrative Costs**

The Amalgamation would provide an opportunity to operate the businesses / operations of SIL and AEL through single / consolidated operations, accounts, treasury and management information system departments with one set of management and staff, thus resulting in substantial cost savings and economies of scales, leading to enhanced profitability.

E. **Single Corporate and Tax Reporting**

The Amalgamation will make single corporate and tax reporting possible for the merged entity. The same will entail elimination of maintenance of separate records for business operations, selling, purchasing, marketing, legal, administrative and secretarial, and other records, under the various laws resulting in duplication of work and higher costs.

  
Muhammad Asad  
Addl. Registrar (Court)  
Lahore High Court Lahore



  
**ATTEST**  
Examiner  
Copy Supply Section  
Lahore High Court, Lahore



NOW THEREFORE, this Scheme is presented as follows:

ARTICLE 1

DEFINITIONS

10

DEFINITIONS

1.1 In this Scheme (including the preamble hereto), unless the subject or context otherwise requires the following expressions shall bear the meanings specified against them below:

"Act" means the Companies Act, 2017;

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

"Allotment Date" has the same meaning as prescribed thereto in Article 9.9 of this Scheme;

"AEL Shareholders" means the registered shareholders of AEL on the Record Date;

"Amalgamation" or "Merger" shall have the same meaning as prescribed thereto in Article 2.1. of this Scheme;

"Annexure A" is the annexure attached hereto which illustrates the shareholding pattern of AEL;

"Annexure B" is the annexure attached hereto which illustrates the shareholding pattern of SIL;

"Annexure C" is the annexure attached hereto which lists the members of the Board of Directors of SIL;

"Annexure D" is the annexure attached hereto which lists the members of the Board of Directors of AEL;

"Annexure E" is the annexure attached hereto which lists the members of the Board of Directors of SIL as the merged / surviving entity post- Amalgamation;

"Annexure F" is the annexure attached hereto containing the Consolidated Statement of Financial Position for SIL and AEL;

"Annexure G" is the annexure attached hereto containing the Swap Letter

"Assets" mean assets, properties, rights, titles and interests of every description and kind (whether present or future, actual or contingent, tangible or intangible) and includes the rights, benefits and interests connected with the business of a company, properties held on trust and benefit of securities obtained from Customers, benefits, powers, rights, authorities, privileges, Contracts, government consents, tax refunds / credits, tax exemptions (including holding period of such assets and liabilities along with all the rights attached and accrued thereto), sanctions and authorizations, including all registrations, licenses, Claims, no objection certificates / letters, permits, categories, entitlements, sanctions, permissions and benefits relating to the business / company, trademarks, patents, copyrights, licenses, liberties, secret processes, know-how and confidential information belonging / pertaining to a company. Without in any way limiting or prejudicing the generality of the foregoing, it is hereby clarified that the assets shall include:

- (i) All properties, immovable and movable, real, corporeal or incorporeal, in possession or reversion, present or contingent of whatsoever nature and wheresoever situated belonging to a company, including buildings, offices and structures, as well as equity, stocks, debentures, bonds, rights under futures, options, derivative contracts, commodities etc. (and all rights associated therewith);
- (ii) All plant, machinery, equipment, furniture and fixtures, computer hardware and software, software applications and licenses, motor vehicles, office equipment, appliances, and accessories, spare parts and tools;
- (iii) all stock-in-trade, inventory, stocks of fuels, raw materials, ingredients, packaging, office and laboratory supplies, engineering spares, consumable stores, work-in-progress and finished goods;

ATTACHED  
Exhibits  
Copy Supply Section  
Lahore High Court, Lahore



Muhammad Asad  
Addl. Registrar (Court)  
Lahore High Court Lahore





- (iv) all legal and/or beneficial interests including, without limitation statutory, contractual and/or regulatory rights, titles, permissions, concessions, privileges, including listing status with the PSX and eligibility for induction with the CDC along with all related rights and privileges, sanctions, approvals, licenses, and registrations;
- (v) all benefits and rights under Contracts including rights under or relating to Contracts of employment, Contracts of insurance, personal services or consultancy;
- (vi) all data, information, records, instruments, documents of title, market statistics, marketing surveys and reports, marketing research, advertising or other promotional material and information, accounting (including management account records) financial data whether in hard copy or in computer held form (including, for avoidance of doubt, such media as microfilm and microfiche);
- (vii) all claims, choses-in-action, receivables, book trade and other debts or sums (including suppliers' credit notes) due, owing, accrued or payable (whether or not invoiced and whether or not immediately due or payable), advances, deposits, prepayments and other receivables, investments, cash in hand or at bank, bank balances, rights under loan documents and other agreements for financial facilities, letters of credit, guarantees, bonds and warranties;
- (viii) all connections, equipment, installations and facilities pertaining to telecommunications, water, gas, electricity, sewerage or other utilities, and other installations, owned by, leased or licensed to a company (including related deposits);
- (ix) all claims, petitions, suits, applications or appeals, filed before or pending with any court, authority, tribunal or regulatory body, whether in its original jurisdiction or appellate jurisdiction;
- (x) all intellectual property rights, whether registered or not, including trademarks, copyrights, patents, designs, trade secrets, technical data, processes and know-how, industrial and technical information, confidential information, drawings, formulations, technical reports, operating and testing procedures, instruction manuals, raw material or production specifications, results of research and development work, whether in hard copy or in computer held form (including, for the avoidance of doubt, such media as microfilm and microfiche);
- (xi) goodwill; revaluation surplus; share premium account; capital and revenue reserves,
- (xii) Tax credits, tax or other refunds; tax or tariff protections, remissions or exemptions and unadjusted tax receivables or losses; and
- (xiii) the Contingent Claims and proceeds realized from the Liquidation of the Contingent Claims;

"CDC" means the Central Depository Company of Pakistan Limited;

"CDS" means the Central Depository System (an electronic book entry system for the recording and transfer of securities, established under the Central Depositories Act, 1997 and maintained by the CDC;

"Claim" means claim, counter-claim, demand or cause of action and includes a Contingent Claim;

"Contingent Claim(s)" means any potential Claim that a company may have against any person prior to the Effective Date which may not be disclosed or reflected as part of its Assets on its books or records;

"Contracts" means any contracts, agreements, deeds, instruments, letters or undertakings of every description, creating any obligations or rights enforceable against the parties thereto, including any finance agreements;

"Court" means the Lahore High Court, Lahore;

"Customer" means any person having entered into a transaction, arrangement or other dealing with a company;

"Effective Date" shall have the same meaning as prescribed thereto in Article 3.1. of this Scheme;

"Liabilities and Obligations" includes all borrowings, liabilities, duties, commitments and obligations of every description (whether present or future, actual or contingent) arising out of any Contract or otherwise whatsoever, and all Securities, and the term "Liabilities" and "Obligations" are used interchangeably and / or in conjunction with each other.



Muhammad Asad  
Addl. Registrar (Court)  
Lahore High Court Lahore





"Liquidation" means the release, compromise, satisfaction, settlement or reduction to judgment of any Claim by a competent court of law;

"PSX" shall mean the Pakistan Stock Exchange;

"Record Date" means the date to be fixed by the directors of SIL, after the Scheme Completion Date, to determine the identities and entitlements of the shareholders of AEL for the purpose of issuance of SIL Shares in accordance with the provisions of the Scheme;

"Rs." Or "PKR" shall mean "Pakistan Rupees", being the legal tender money of the Islamic Republic of Pakistan;

"Scheme" means this Scheme of Arrangement in its present form with any modifications thereof or addition thereto approved by the Court and subject to any conditions imposed by the Court;

"Scheme Completion" has the same meaning as prescribed thereto in Article 3.1 of this Scheme;

"Scheme Completion Date" has the same meaning as prescribed thereto in Article 3.1 of this Scheme;

"Security" or "Securities" means interest, right or title in and to any and all mortgages, encumbrances or charges (whether legal or equitable), debentures, bill of exchange, promissory note, guarantee, lien, pledge (whether actual or constructive), hypothecation, assignment by way of security, right of set-off, undertaking or other means of securing payment or discharge of any liabilities and obligations;

"SIL" shall have the same meaning as prescribed in the preamble above;

"SIL Shares" mean the ordinary shares having a par value of PKR 10/- (Pak Rupees Ten) each in the share capital of SIL;

"Swap Letter" means the Swap Letter dated June 3, 2023, bearing reference number G-1-409, issued by Riaz Ahmad & Company, Chartered Accountants, attached hereto as Annexure G containing, *inter alia*, the Swap Ratio; and

"Swap Ratio" shall have the same meaning as prescribed thereto in Article 9.1. of this Scheme.

## ARTICLE 2

### OBJECTS OF THE SCHEME

2.1 The principal object of this Scheme is to give effect to the following:

- (i) merger / amalgamation of AEL with and into SIL by transferring to, merging with, and vesting in SIL the whole of AEL including all Assets, Liabilities and Obligations of AEL, as of the Effective Date, (the "Merger" or "Amalgamation");
- (ii) allotment and issuance of fully paid SIL shares to the AEL Shareholders in consideration of the Amalgamation based on the Swap Ratio in accordance with the provisions of the Scheme; and
- (iii) as of the Allotment Date: (i) the dissolution of AEL without winding up; (ii) delisting of the shares of AEL from PSX; and (iii) listing of the SIL Shares on PSX, each in accordance with the provisions of this Scheme.

2.2 It is hereby clarified that although all of the above steps will take place by virtue of the sanction of the Scheme by the Court and completion of the formalities of Scheme Completion, the same shall be deemed to be effective as of the Effective Date.

## ARTICLE 3

### EFFECTIVE DATE

3.1. This Scheme shall become operative and bind AEL and SIL as soon as an order is passed by the Court under Sections 279 / 282 of the Act, sanctioning this Scheme and issuing other necessary directions /

Muhammad Asad  
Addl. Registrar (Court)  
Lahore High Court Lahore



orders under Section 282 of the Act (hereinafter referred to as the "Scheme Completion" and such date referred to as "Scheme Completion Date"). When this Scheme becomes operative on the Scheme Completion Date, the Merger, in accordance with this Scheme, will be treated as having effect from immediately after the end of business on March 31, 2023 or such other date as may be stated by the Court (hereinafter referred to as the "Effective Date"). Each company shall file a certified copy of the order passed by the Court with the Registrar of Companies, Lahore in accordance with Section 279 of the Act.

- 3.2 Accordingly, as of the Effective Date and thereafter, until AEL is actually transferred to and vested in SIL in terms of this Scheme, the business of AEL will be deemed to have been carried for and on account and for the benefit of SIL. For the avoidance of doubt, the reserves including un-appropriated profits / losses of AEL up to and immediately preceding the Effective Date shall constitute and be treated as reserves / losses of SIL.

#### ARTICLE 4

##### SHARE CAPITAL AND MANAGEMENT

- 4.1. The authorized share capital of AEL is PKR 100,000,000/- (Pakistan Rupees One Hundred Million only) divided into 10,000,000 (Ten Million) shares of PKR 10/- (Pak Rupees Ten) each, out of which 8,000,000 (Eight Million) shares have been issued, fully subscribed and paid up. The shareholding pattern of AEL, as of the Effective Date, is illustrated in Annexure A attached hereto.
- 4.2. The authorized share capital of SIL is PKR 5,500,000,000/- (Pakistan Rupees Five Billion Five Hundred Million only) divided into 550,000,000 (Five Hundred Fifty Million) shares of PKR 10/- (Pak Rupees Ten) each, out of which 430,487,420 (Four Hundred Thirty Million Four Hundred Eighty Seven Thousand Four Hundred Twenty) shares have been issued, fully subscribed and paid up. The shareholding pattern of SIL, as of the Effective Date, is illustrated in Annexure B attached hereto.
- 4.3. Upon the sanction of this Scheme, the authorized share capital of SIL shall be merged and combined with the authorized share capital of AEL. The authorized share capital of SIL shall thus stand enhanced to PKR 5,600,000,000/- (Pakistan Rupees Five Billion Six Hundred Million only) divided into 560,000,000 (Five Hundred Sixty Million) shares of PKR 10/- (Pak Rupees Ten) each, without any payment of fees, costs, charges and without performance of any further acts, deeds and formalities, and accordingly the Memorandum and Articles of Association of SIL shall stand amended. Approval of the shareholders of SIL to this Scheme shall also include and constitute an approval by way of special resolution from the shareholders of SIL, to the alteration of the Memorandum and Articles of Association of SIL for the increase of the authorized share capital of SIL to PKR 5,600,000,000/- (Pakistan Rupees Five Billion Six Hundred Million only), as required in terms of the Act.

#### ARTICLE 5

##### BOARD OF DIRECTORS

- 5.1. The present directors of SIL are listed in Annexure C attached hereto.
- 5.2. The present directors of AEL are listed in Annexure D attached hereto.
- 5.3. Upon sanction of the Scheme, the directors of the merged / surviving entity post-Amalgamation shall be as listed in Annexure E attached hereto.
- 5.4. As of the Scheme Completion Date or such other date as the Board of Directors of SIL may approve, the directors of SIL not mentioned under Annexure E, shall cease to hold office as directors of SIL without any rights to any compensation for loss of office.
- 5.5. Upon delisting and dissolution of AEL in accordance with this Scheme, the directors of AEL shall cease to hold office as directors of AEL without any rights to any compensation for loss of office.
- 5.6. All the directors of SIL and AEL have an interest in the Amalgamation to the extent of their respective shareholdings in SIL and AEL (to the extent applicable). The effect of this Scheme on the interest of these directors does not differ from the respective interests of the shareholders of SIL and AEL.
- 5.7. Without prejudice to the provisions above, SIL shall fulfill any documentary formalities for the change

ATTEST  
Examiner  
Copy Supply Section  
Lahore High Court, Lahore



Muhammad Asad  
Addl. Registrar (Court)  
Lahore High Court Lahore





in the composition of its Board of Directors (as contemplated herein). The approval of this Scheme by the shareholders of SIL shall also include and constitute an approval for the change in the composition of its Board of Directors (including the increase in number of directors and appointment of incoming director(s) as contemplated in Annexure E).

14

## ARTICLE 6

### AMALGAMATION

#### 6.1. General Description

- (i) As of the Effective Date, AEL, as a going concern, shall be amalgamated with and vest in SIL upon the terms and conditions set forth in this Scheme without any further act, deed, matter or thing, process or procedure.
- (ii) Upon sanction of the Scheme, SIL shall be able to carry out all the business of AEL and shall be entitled to all the rights and the benefits thereof.
- (iii) As of the Allotment Date, SIL Shares shall be allotted to the AEL Shareholders in consideration of the Amalgamation, AEL shall be de-listed from the PSX and dissolved without winding up, and SIL Shares shall be listed on the PSX, each in accordance with Article 9 below.

#### 6.2. Transfer of the Assets

As of the Effective Date, all the Assets of AEL, shall immediately without any conveyance or transfer and without any further act or deed, be vested in and become the undertaking and Assets of SIL, which shall have, hold and enjoy the same in its own right as fully as the same were possessed, held and enjoyed by SIL prior to the Amalgamation. However, the vesting / transfer of the Assets shall be subject to all mortgages, charges or other encumbrances subsisting thereon (if any).

#### 6.3. Transfer of Liabilities and Obligations

As of the Effective Date, all the Liabilities and Obligations of AEL shall immediately and without any further act or deed be assumed by and become the Liabilities and Obligations of SIL, which shall pay, undertake, satisfy, discharge and perform, when due, all such Liabilities and Obligations.

#### 6.4. SIL's Right to Execute Deeds

Deeds, assignments or similar instruments to evidence the aforesaid transfer of Assets and / or assumption of Liabilities and Obligation of AEL may, if required at any time, may be executed by officers of SIL authorized in this regard.

#### 6.5. References to Assets and Liabilities and Obligations

Any reference in this Scheme to Assets or Liabilities and Obligations of AEL is a reference to Assets or Liabilities and Obligations to which AEL is for the time being entitled or subject to (whether beneficially or in any fiduciary capacity) immediately preceding the Effective Date, wherever such Assets or Obligations and Liabilities are situated or arise and whether or not such Assets or Obligations and Liabilities are capable of being transferred or assigned to or by AEL under any applicable law or instrument.

#### 6.6. Assets held in Trust, etc.

Any Asset comprised or vested in AEL which immediately before the Effective Date was held by AEL as trustee or custodian in the form of any trust deed, settlement, covenant, agreement or will or as executor of the will, or administrator of the estate of a deceased person or as judicial trustee appointed by order of any court, or in any other fiduciary capacity, shall, as of the Effective Date, be held by SIL in the same capacity upon the trusts, subject to the powers, provisions and Liabilities applicable thereto.

#### 6.7. Contracts

Every Contract to which AEL is a party shall have effect as of the Effective Date as if:

Muhammad Asad  
Addl. Registrar (Court)  
Lahore High Court Lahore





- (i) SIL had been a party thereto instead of AEL; and
- (ii) Any reference (however worded and whether express or implied) to AEL therein shall stand substituted, as respects anything to be done as of the Effective Date, to a reference to SIL.

6.8. Bank Accounts

Any account(s) maintained by AEL with any bank or financial institution shall, as of the Effective Date, become account(s) between SIL and such bank or financial institution, subject to the same conditions and incidents as therefore; provided that nothing herein shall affect any right of SIL to vary the conditions or incidents subject to which any account is kept.

6.9. Instructions

Any existing instruction, order, direction, mandate, power of attorney, authority, undertaking or consent given to AEL in writing shall have effect, as of the Effective Date, as if given to SIL.

6.10. Negotiable Instruments

Any negotiable instrument or order for payment of money drawn on or given to, or accepted or endorsed by, AEL, or payable at any place of business of AEL, whether so drawn, given, accepted or endorsed before, as of the Effective Date, shall have the same effect as of the Effective Date, as if it had been drawn on, or given to, or accepted or endorsed by SIL, or were payable at the same place of business of SIL.

6.11. Custody of Documents

The custody of any document, record or goods held by AEL as bailee and duly recorded in their books that pass to AEL under any Contract of bailment relating to any such document, record or goods shall on that day become rights and obligations of SIL.

6.12. Securities:

- (i) Any Security held immediately before the Effective Date by AEL or by a nominee or agent of or trustee for AEL, as security for the payment or discharge of any liability and obligation of a Customer shall, as of the Effective Date, be held by, or, as the case may require, by that nominee, agent or trustee for SIL and be available to SIL (whether for its own benefit or, as the case may be, for the benefit of any other person) as security for the payment or discharge of that liability and obligation.

- (ii) In relation to any Security vested in SIL, pursuant to and in accordance with the provisions of this Scheme, and any liabilities and obligations thereby secured, SIL shall be entitled to the rights and priorities to which AEL would have been entitled if they had continued to hold the Security.

- (iii) Any Security referred to in the foregoing provisions of this paragraph which extends to future advances or liabilities shall, as of the Effective Date, be available to SIL (whether for its own benefit or as the case may be, for the benefit of any other person) as security for the payment or discharge of future advances and future liabilities to the same extent and in the same manner in all respects as future advances by or liabilities to, AEL or, as the case may be, SIL were secured thereby immediately before that time.

- (iv) All Securities granted / created by AEL in favour of any secured creditors immediately before the Scheme Completion Date (if any), will continue to remain operative and effective as Securities granted and created by SIL in favour of its own creditors. To the extent that AEL has granted any pari passu charge over the Assets or any class of Assets of AEL in favour of such creditors, upon the Amalgamation, the same shall be treated as a pari passu charge over the combined Assets (or relevant class of Assets) of AEL and SIL (which stand transferred to and vested in SIL in accordance with the provisions of this Scheme), ranking pari passu with the charge(s) created / existing in favour of the Creditors of SIL holding charges over similar Assets or class of Assets as the case may be. Furthermore, any charge or security interest granted to

ATTEST  
Examiner  
Copy Supply Section  
Lahore High Court, Lahore

Muhammad Asad  
Addl. Registrar (Court)  
Lahore High Court Lahore



a secured creditor of AEL, by AEL, over specific assets will continue to remain restricted to such specific assets upon the Amalgamation.

16

6.13. Legal Proceedings

Where by virtue of this Scheme any right, Claim or Liability of AEL, becomes a right, Claim or Liability of SIL as of the Effective Date, SIL shall have the same rights, claims, powers and remedies (and in particular the same rights, Claims and powers as to taking or resisting legal proceedings or making or resisting applications to any authority) for ascertaining, perfecting or enforcing that right, Claim or Liability as if it had at all times been a right, Claim or Liability of SIL, and any legal proceedings or application to any authority existing or pending immediately before the Effective Date by or against AEL may be continued by or against SIL.

6.14. Judgments

Any judgment or award obtained by or against AEL, and not fully satisfied before the Effective Date shall at that time, become enforceable by or against SIL.

6.15. Evidence

All books and other documents which would, before the Effective Date, have been evidenced in respect of any matter, for or against AEL, shall be admissible in evidence in respect of the same matter for or against SIL.

6.16. Clarification

The provisions contained in Articles 6.2. to 6.15. above are without prejudice to the generality of any other provisions in this Scheme, but subject to any provisions in this Scheme to the contrary effect.

ARTICLE 7

CERTAIN OBLIGATIONS AND REPRESENTATIONS

- 7.1 AEL shall carry on its businesses until Scheme Completion Date with reasonable diligence, and business prudence and shall not except, in the ordinary course of business or with the prior written consent of SIL alienate, charge, mortgage, hypothecate, encumber, or otherwise deal with or dispose of the respective undertakings of AEL or any part thereof.
- 7.2 Subject to Scheme Completion, upon the Amalgamation, SIL shall take all necessary and expedient steps to properly and efficiently manage its entire business and affairs and shall operate and promote its entire business and affairs in the normal course.
- 7.3 As of the Scheme Completion Date (but with effect from Effective Date) SIL shall undertake, pay, satisfy, discharge, perform and fulfill all the Liabilities and Obligations, Contracts, engagements and commitments whatsoever of AEL.

ARTICLE 8

THE SCHEME'S EFFECT

- 8.1 The provisions of this Scheme shall be effective and binding by operation of law and shall become effective in terms of Article 3 above.
- 8.2 The execution of this Scheme shall not: (i) constitute any assignment, transfer, devolution, conveyance, alienation, parting with possession, or other disposition under any law for the time being in force; (ii) give rise to any forfeiture; (iii) invalidate or discharge any Contract or Security; and (iv) give rise to any right of first refusal or pre-emptive right that any person may have in respect of any investment made by such person in SIL and / or AEL.
- 8.3 Upon the sanction of this Scheme, the terms of this Scheme shall, as of the Effective Date, be binding on SIL and AEL and also on all the respective shareholders of SIL and AEL, the Customers of SIL and AEL, the creditors of SIL and any creditors of AEL and on any other person having any right or liability in relation to either of them.

ATTEST  
Examiner  
Copy Supply Section  
Lahore High Court, Lahore

Muhammad Asad  
Addl. Registrar (Court)  
Lahore High Court Lahore





## CONSIDERATION FOR THE AMALGAMATION AND RELATED MATTERS

- 9.1. As consideration for the Amalgamation, SIL shall allot and issue an aggregate of 4,800,000 (Four Million Eight Hundred Thousand) SIL Shares, credited as fully paid up shares of the face value of PKR 10/- (Pak Rupees Ten) each, to the AEL Shareholders on the basis of a swap ratio of 0.60 SIL Share for every 1 (One) share of AEL held by each of the AEL Shareholders (the "Swap Ratio"), i.e., 60 SIL Shares for every 100 shares of AEL, as approved by the Board of Directors of each of SIL and AEL based on the recommendation / calculation stated in the Swap Letter, and all entitlements of the AEL Shareholders shall be determined in the proportion aforesaid.
- 9.2. The Swap Ratio has been determined on the basis of the special purpose audited accounts of SIL and AEL for the period ended March 31, 2023 and the relative valuations carried out by Riaz Ahmad & Company, Chartered Accountants, as stipulated in the Swap Letter in accordance with the applicable laws, accounting standards and the valuation methods suggested by the SECP in its Guidelines for Mergers and Amalgamations, and as approved by the Board of Directors of SIL and AEL.
- 9.3. Within 30 (thirty) days of the Scheme Completion Date, the Board of Directors of SIL and AEL shall respectively initiate the legal and procedural formalities to give effect to (i) the issuance and allotment of SIL Shares to the AEL Shareholders as consideration of the Merger; and (ii) the cancellation of the shares of AEL held by the AEL Shareholders (as contemplated in Articles 9.4 and 9.5 below), including, *inter alia*, the issuing of requisite notices, deciding the Record Date / book closure dates of the register of AEL members to determine the list of AEL Shareholders and their respective entitlement to SIL Shares in accordance with this Scheme along with the number of shares of AEL to be cancelled for the relevant AEL Shareholder, and the procedure to be adopted in connection therewith in consultation with PSX, CDC, the share registrar, etc. and in accordance with the applicable rules and regulations.
- 9.4. At least 14 (fourteen) days' notice shall be given to the shareholders of AEL, as prescribed under the applicable laws, specifying the Record Date / book closure date. Such notice shall also specify/prescribe the date by which the shares of AEL held in book entry form through the CDS shall stand cancelled, and on such date the book entries relating to the shares of AEL in the CDC accounts of the shareholders of AEL shall stand cancelled. In relation to those AEL Shareholders who hold physical share certificates representing ordinary shares in AEL held by them, on the date specified in the notice, such share certificates shall be delivered to AEL on or before that date for cancellation.
- 9.5. The share certificates delivered / to be delivered by the AEL Shareholders in accordance with Article 9.4. above shall stand cancelled on the date prescribed above (whether or not the same have been surrendered to AEL by the prescribed date) and the AEL Shareholders shall be entitled to SIL Shares for the number of fully paid-up shares to which the respective AEL Shareholder is entitled to in accordance with the provisions of this Scheme.
- 9.6. The allotment of SIL Shares (in accordance with the provisions of this Article 9) shall be made by SIL within a period of 30 (thirty) days from the prescribed date on which the shares of the AEL Shareholders in AEL have been cancelled, provided that such period for allotment may be extended in the reasonable discretion of the Board of Directors of SIL on account of any pending regulatory formalities (including with PSX, SECP and/or CDC) (the "Allotment Period"). SIL shall, within the Allotment Period, cause CDC to credit the respective CDC accounts / sub-accounts with book entries relating to the corresponding number of SIL Shares which the relevant AEL Shareholder is entitled to in accordance with this Article 9 (if the shares of SIL have been inducted with the CDC). Such allotment shall be carried out in accordance with the rules and regulations of the CDC. In case of AEL Shareholders holding shares in physical form, the share certificates for the corresponding SIL Shares to be issued to such AEL Shareholders in terms hereof shall be made ready for delivery as soon as practicable and notices of their readiness for their delivery shall be given to the AEL Shareholders in the manner provided in the Articles of Association of SIL. Share certificates not collected within the time specified in any such notice shall be sent by post in prepaid envelopes addressed to the persons entitled thereto at their respective registered addresses. In the case of joint shareholders, share certificates may be delivered to or may be sent to the address of any one of the joint holders whose name appears first in respect of such joint holding. SIL shall not be responsible for loss of the share certificates in such transmission.
- 9.7. SIL Shares, to be issued and allotted to the AEL Shareholders pursuant to the Scheme shall rank pari

ATTEST  
Examiner  
Copy Supply Section  
Lahore High Court

Muhammad Asad  
Addl. Registrar (Court)  
Lahore High Court Lahore





passu with the existing ordinary shares of SIL in all respects and shall be entitled to all dividends declared by SIL after the Effective Date.

18

- 9.8. While making allotment of SIL Shares, the fractional allotments above 0.5 share shall be rounded up to one whole SIL Share and fractional allotments below 0.5 shares shall be consolidated into whole shares which shall be disposed of by SIL for charitable purposes in a manner to be determined by the Board of Directors of SIL.
- 9.9. Subject to the sanction of the Scheme by the Court, AEL shall, without winding up, stand dissolved from the date on which all the SIL Shares, to be allotted by SIL to the AEL Shareholders in the manner stated above, have been so allotted (the "Allotment Date").
- 9.10. As part of the Amalgamation and as of the Allotment Date, the SIL Shares shall be listed on the PSX, by filing of requisite documents/information with the PSX, at the opening price based on a price-to-earning-ratio determined on the basis of market equivalent shares of peer group and earning potential of the merged balance sheet of AEL and SIL after taking the impact of Swap Ratio as determined by the auditors, provided that the opening price of the SIL Shares shall not be less than the par value of the SIL Shares. It being clarified that till such time SIL Shares are not listed on the PSX, the listed status of AEL shall not be changed.

#### ARTICLE 10

##### BOOKS AND ACCOUNTS

- 10.1. A balance sheet of AEL and SIL (as applicable), illustrating the financial positions as of the Effective Date (i) prior to the Merger; and (ii) as a consequence of the Merger, has been appended in the form of a condensed statement of financial position as appearing under Annexure F.
- 10.2. Upon sanction of the Scheme, the Amalgamation in accordance with the terms hereof shall be treated as having taken effect from the Effective Date and as from that time and until the Scheme Completion Date when AEL is merged with and vested in SIL, AEL shall carry on and be deemed to carry on all its business and activities and stand possessed of its properties and assets for and on account of and in trust for SIL and all the profits accruing to AEL or losses arising or incurred by them shall for all purposes be treated as the profits or losses of SIL.

#### ARTICLE 11

##### EMPLOYEES

- 11.1. On and from the Effective Date, all full time officers and employees (including workmen) of AEL shall become the employees of SIL at the same level of remuneration and under the same terms and conditions of service which they were receiving or, as the case may be, by which they were governed immediately before the Effective Date, including those relating to entitlements and benefits arising upon termination of services, on the basis of continuation of service.

#### ARTICLE 12

##### EVENT OF DEFAULT AND EFFECT ON SCHEME

- 12.1. Each of the following shall constitute an event of default, as declared by Board of Directors of both SIL and AEL (unless provided for otherwise)
- (i) If the Scheme Completion Date is not achieved by the date mutually agreed upon by the respective Board of Directors of SIL and AEL; or
  - (ii) If the Scheme is not approved by the requisite majority of shareholders and members of either SIL or AEL.
- 12.2. upon occurrence of an event of default in terms of this Scheme, the arrangements and compromise terms in terms of the Scheme may be terminated at the option of either the Board of Directors of SIL or AEL, and thereafter this Scheme shall become null and void and no rights and liabilities shall accrue to or be incurred in terms of this Scheme.

ATTEST  
Examining  
Copy  
Lahore High Court

Muhammad Asad  
Addl. Registrar (Court)  
Lahore High Court Lahore

TRUE COPY  
C.O. No. 7  
Examined by (Commercial Branch)  
Lahore High Court, Lahore



IN THE LAHORE HIGH COURT, LAHORE

(Companies Jurisdiction)

C.O. No. 40373 of 2023

For Private Use

Examiner  
Copy Section  
Lahore High Court, Lahore

IN THE MATTER OF:

1. AEL TEXTILES LIMITED, a public limited company, incorporated and existing under the laws of Pakistan and having its registered office at 19A Commercial Area, Izmir Town, Canal Bank Road, Lahore, Pakistan.

... PETITIONER NO. 1

2. STYLERS INTERNATIONAL LIMITED, a public limited company, incorporated and existing under the laws of Pakistan and having its registered office at 20-KM, Ferozepur Road, Glaxo Town, Lahore, Pakistan.

... PETITIONER NO. 2

TRUE COPY  
C.O. No. 40373  
Examiner (Commercial Branch)  
Lahore High Court, Lahore

PETITION TO SANCTION SCHEME OF ARRANGEMENT UNDER SECTION 279 READ WITH  
SECTIONS 280 TO 283 AND 285(8) OF THE COMPANIES ACT, 2017 AND ALL OTHER ENABLING  
PROVISIONS OF THE RELEVANT LAW

Respectfully Sheweth:

1. That the object of this Petition is to, *inter alia*, obtain sanction of this Honorable Court, pursuant to Section 279 of the Companies Act, 2017 (the "Act"), for the Scheme of Arrangement dated June 7, 2023, (the "Scheme of Arrangement"), agreed and entered into between the Petitioner No. 1 and the Petitioner No. 2 (collectively referred to as the "Petitioners"), in terms of which the entire undertaking and business of the Petitioner No.

all assets, properties, rights, privileges (including listing status on the Pakistan Stock Exchange and eligibility for induction with Central Depository Company), liabilities, obligations and dues as more particularly described in the Scheme of Arrangement, shall be transferred to, assumed by and vested in to the Petitioner No. 2. As consideration of the above-mentioned merger / amalgamation, the Petitioner No. 2 shall allot and issue such number shares to the shareholders of Petitioner No. 1 as determined and calculated in accordance with the provisions of the Scheme of Arrangement. Upon the sanction of the Scheme of Arrangement, the Petitioner No. 2 will continue as a going concern under the name Stylers International Limited with its shares listed on the Pakistan Stock Exchange and as a consequence of the merger / amalgamation and upon listing of the shares of the Petitioner No. 2 on the Pakistan Stock Exchange, the Petitioner No. 1 will be de-listed from the Pakistan Stock Exchange and will be dissolved without winding up, each in accordance with the provisions of the Scheme of Arrangement.

A TRUE COPY OF THE SCHEME OF ARRANGEMENT IS FILED HERewith AND MARKED AS ANNEXURE - "A".

2. That the respective Board of Directors of each of the Petitioners have duly approved / adopted the Scheme of Arrangement in their meetings held at their respective registered offices.

THE EXTRACTS OF THE RESOLUTIONS PASSED BY THE BOARD OF DIRECTORS OF THE PETITIONERS ARE FILED HERewith AND MARKED AS ANNEXURES - "B to B/1".

3. That the Petitioner No. 1 is a listed public limited company incorporated and existing under the laws of Pakistan vide Certificate of Incorporation on Change of Name dated 04.01.2016 and Change of Name dated 01.04.2022 and Certificate of Commencement of Business dated 20.02.1994.

TRUE COPIES OF THE CERTIFICATE OF INCORPORATION AND CERTIFICATE OF COMMENCEMENT OF BUSINESS OF THE PETITIONER NO. 1 ARE FILED HERewith AND MARKED AS ANNEXURES - "C TO C/2".

4. That pursuant to the Memorandum and Articles of Association, the Petitioner No. 1 is authorized to, *inter alia*, undertake and carry out the business of textile and allied

ATTESTED  
Examine  
Copy Supply Section  
Lahore High Court, Lahore



- products including *inter alia*, sale, purchase, manufacture, import, export and general deal in textile products and materials as well as to act as general traders, general order suppliers of products, commodities and / or to set up an industrial undertaking to manufacture and / or trade in all kinds of textile and allied products and to conduct such business in Pakistan.

A TRUE COPY OF THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE PETITIONER NO. 1 IS FILED HERewith AND MARKED AS ANNEXURE – "D".

5. That the authorized share capital of Petitioner No. 1 is PKR 100,000,000/- (Pak Rupees One Hundred Million only) divided into 10,000,000 (Ten Million) shares of PKR 10/- (Pak Rupees Ten only) each.
6. That the issued, subscribed and paid-up share capital of the Petitioner No. 1 as of the date hereof is PKR 80,000,000/- (Pak Rupees Eighty Million only) comprising of 8,000,000 (Eight Million) shares.
7. That the present petition is being filed by the Petitioner No. 1 through Mr. Awais Tariq son of Irshad Tariq (CNIC No. 35202-3789958-3) who has been duly authorized to file the instant petition and is well conversant with the facts and is able to depose to the same.
8. That the Petitioner No. 2 is an unlisted public limited company incorporated and existing under the laws of Pakistan vide Certificate of Incorporation dated 27.11.1991 and Certificate of Conversion dated 16.07.2021.

TRUE COPIES OF THE CERTIFICATE OF INCORPORATION AND CERTIFICATE OF CONVERSION OF THE PETITIONER NO. 2 ARE FILED HERewith AND MARKED AS ANNEXURES – "E TO E/1".

9. That pursuant to the Memorandum and Articles of Association, the principal line of business of the Petitioner No. 2 is to set up an industrial undertaking for manufacturing of all kinds of garments and doing of all things as are incidental and necessary for the said line of business.

A TRUE COPY OF THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE PETITIONER NO. 2 IS FILED HERewith AND MARKED AS ANNEXURE – "F".

ATTESTED  
Examiner  
Copy Supply Section  
Lahore High Court, Lahore

10. That the authorized share capital of the Petitioner No. 2 is PKR 5,500,000,000/- (Pakistan Rupees Five Billion Five Hundred Million only) divided into 550,000,000 (Five Hundred Fifty Million) shares of PKR 10/- (Pak Rupees Ten only) each.
11. That the issued, subscribed and paid-up share capital of Petitioner No. 2 as of the date hereof is PKR 4,304,874,200/- (Pak Rupees Four Billion Three Hundred Four Million Eight Hundred Seventy Four Thousand Two Hundred only) 430,487,420 (Four Hundred Thirty Million Five Hundred Eighty Seven Thousand Four Hundred Twenty) shares.
12. That the present petition is being filed by the Petitioner No. 2 through Mustanser Ahmed son of Abdul Haque (CNIC No. 35202-3561907-3) who has been duly authorized to file the instant petition and is well conversant with the facts and is able to depose to the same.
13. That upon sanction of the Scheme of Arrangement, without any payment of fees, charges, costs, and without the performance of any further acts and / or formalities, the authorized share capital of Petitioner No. 1 shall be subsumed by the Petitioner No. 2, and thus the authorized share capital of Petitioner No. 2 shall stand enhanced to PKR 5,600,000,000/- (Pakistan Rupees Five Billion Six Hundred Million only) divided into 560,000,000 (Five Hundred Sixty Million) shares of PKR 10/- (Pak Rupees Ten) each.
14. That Petitioner No. 1 hereby submits a true copy of its audited special purpose Financial Statements for the period ended March 31, 2023.  
  
TRUE COPY OF THE AUDITED SPECIAL PURPOSE FINANCIAL STATEMENTS OF PETITIONER NO. 1 FOR THE PERIOD ENDED MARCH 31, 2023 IS FILED HERewith AND MARKED AS ANNEXURE – "G".
15. That except for the changes in the ordinary course of business, the financial position of the Petitioner No. 1 has not materially changed since the respective dates stated in the audited special purpose Financial Statements of Petitioner No. 1 annexed here to as Annexure "G".
16. That Petitioner No. 2 hereby submits a true copy of its audited special purpose Financial Statements for the period ended March 31, 2023.

ATTESTED  
Examiner  
Copy Supply Section  
Lahore High Court, Lahore

TRUE COPY OF THE AUDITED SPECIAL PURPOSE FINANCIAL STATEMENTS OF PETITIONER NO. 2 FOR THE PERIOD ENDED MARCH 31, 2023 IS FILED HERewith AND MARKED AS ANNEXURE – "H".

17. That except for the changes in the ordinary course of business, the financial position of the Petitioner No. 2 has not materially changed since the respective dates stated in the audited special purpose Financial Statements of Petitioner No. 1 annexed here to as Annexure "H".
18. That the Scheme of Arrangement, gives full particulars as to the benefits of the merger / amalgamation, the purpose / object of the same, the details of the merger / amalgamation of the Petitioner No. 1 with and into the Petitioner No. 2, the consequences of the merger / amalgamation, the effective date of merger / amalgamation, consideration and related matters, including but not limited to the transfer / merger of the entire undertaking and business of the Petitioner No. 1, inclusive of all assets, properties, rights, privileges (*including listing status on the Pakistan Stock Exchange and eligibility for induction with Central Depository Company*), liabilities, obligations and dues with and into the Petitioner No. 2, allotment and issuance of the shares of the Petitioner No. 2 to the shareholders of the Petitioner No. 1, listing of the shares of the Petitioner No. 2 on the Pakistan Stock Exchange as a result of the merger / amalgamation by filing of necessary / requisite documents with the Pakistan Stock Exchange, and as a consequence of the merger / amalgamation, and upon listing of the shares of the Petitioner No. 2 on the Pakistan Stock Exchange, the de-listing of the Petitioner No. 1 and dissolution of the same without winding up, each in accordance with the terms of the Scheme of Arrangement. It is humbly submitted that the Scheme of Arrangement be treated as part and parcel of the Petition as though the entire Scheme of Arrangement was reproduced in this paragraph.
19. That the consideration for the subject merger / amalgamation, as prescribed in the Scheme of Arrangement, has been approved by the Board of Directors of each Petitioner based on the calculations carried out by Messrs. Riaz Ahmad and Company Chartered Accountants in terms of its swap letter dated June 3, 2023, (the "Swap Letter"). Accordingly, based on the Swap Letter (as detailed in the Scheme of Arrangement) and as approved by the Board of Directors of each Petitioner, shares of the Petitioner No. 2 shall be allotted and issued to the shareholders of Petitioner No. 1, the shares of Petitioner No. 2 shall be listed on the Pakistan Stock Exchange, the Petitioner No. 1 shall be de-listed

ATTESTED  
Examiner  
Copy Supply Section  
Sindh High Court, Lahore



6

from the Pakistan Stock Exchange and the Petitioner No. 1 shall stand dissolved without winding up, each in accordance with the provisions of the Scheme of Arrangement.

TRUE COPY OF SWAP LETTER IS FILED HERewith AND MARKED AS ANNEXURE – "I".

20. That the arrangements proposed under the Scheme of Arrangement would allow the Petitioners to effectuate the commercial arrangement envisaged by the Petitioners and their respective shareholders, through the provisions of sections 279 to 283 and 285(8) of the Act.
21. That the Scheme of Arrangement is a scheme between the Petitioners and their members. That the Petitioner No. 2 shall, if required, obtain written No Objection Certificates (the "NOCs"), from its secured creditors in respect of the merger / amalgamation of the Petitioner No. 1 with and into Petitioner No. 2. However, without prejudice to the above, it is submitted that under the Scheme of Arrangement, the secured creditors of the Petitioner No. 2 shall continue to remain duly secured.

A LIST OF THE SECURED CREDITORS OF THE PETITIONER NO. 2 IS FILED HERewith AND MARKED AS ANNEXURE – "J".

22. That the Petitioner No. 1 has no secured creditors as at the date hereof and accordingly no NOCs of the same are required.
23. That there are no investigation proceedings pending in relation to the Petitioners under Sections 256 to 275 or any other provision of the Act.
24. That pre-merger clearance of the Competition Commission of Pakistan, has been applied for under the Competition Act, 2010 and all rules and regulations thereunder, and will be obtained in due course and the consummation of the merger shall be subject to the approval / no objection of the Competition Commission of Pakistan (if the same is required under the applicable laws).
25. That the Petitioners have made all the necessary disclosures to Pakistan Stock Exchange and the relevant requirements of such disclosures have been complied with as required under the rules and regulations of the Pakistan Stock Exchange Limited.

ATTACHED  
Copy submitted  
to Hon'ble Judge  
of the Hon'ble Court, Lahore

26. That all costs, charges and expenses incurred in connection with the transfer to and vesting in Petitioner No. 2 of Petitioner No. 1 and all other costs, charges and expenses incurred in respect of the preparation of the Scheme of Arrangement and carrying the same into effect shall be borne and paid in accordance with the Scheme of Arrangement.
27. That no prejudice shall be caused if the Scheme of Arrangement is sanctioned as the sanction of the same will benefit, and is in the interest of, the Petitioners, their shareholders, employees as well as the general public.
28. That each of the Petitioners have their registered offices in Lahore within the jurisdiction of this Honorable Court, the Petitioner No. 1 is classified as a **public interest company** and the Petitioner No. 2 is classified as a **large sized company** in terms of the Companies Act, 2017, and therefore, in light of the Government of Pakistan, Finance Division's notification under Section 285(8) of the Companies Act, 2017 bearing S.R.O. 840(I)/2017 and amended through S.R.O. 1126(I)/2019, this Honorable Court has jurisdiction to hear the matter.

COPIES OF THE GOVERNMENT OF PAKISTAN, FINANCE DIVISION'S NOTIFICATIONS UNDER SECTION 285(8) OF THE COMPANIES ACT, 2017 BEARING S.R.O. 840 (I) /2017 AND 1126(I)/2019 ARE FILED HEREWITH AND MARKED AS ANNEXURE – "K".

29. That it would be just and equitable in the circumstances if the Scheme of Arrangement is sanctioned by this Honorable Court and orders are passed as prayed.
30. A copy of the Scheme of Arrangement has been filed with the Registrar of Companies, Securities and Exchange Commission of Pakistan under section 282(1)(c) of the Companies Act, 2017.

COPIES OF ACKNOWLEDGMENT OF FILING ISSUED BY THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN AND LETTER ISSUED BY MOHSIN TAYEBALY & CO. TO SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN IS FILED HEREWITH AND MARKED AS ANNEXURES – "L to L/1"

ATTESTED  
Examiner  
Copy Supply Section  
Lahore High Court, Lahore

8

PRAYER

---

It is respectfully prayed that this Honorable Court may be pleased:

- a) to direct that separate meetings of the members and/or secured creditors (as may be applicable) of the Petitioners be called, for the purpose of considering, and if thought fit, approving, adopting and agreeing to the Scheme of Arrangement as set forth in Annexure A to this Petition;
- b) to issue directions, in connection with the meetings to be convened under the order of this Honorable Court as follows:
  - i. that the meetings of the members of each Petitioner shall be held within such days as this Honorable Court may order and at such place and at such time as the board of directors of that Petitioner may decide or this Honorable Court may otherwise direct; and,
  - ii. that Mustanser Ahmed son of Abdul Haque (CNIC No. 35202-3561907-3), being the Chief Executive Officer of the Petitioner No. 2, or such other person as this Honorable Court may be pleased to appoint, be appointed as Chairman of the said meetings and to direct the said Chairman to submit reports to this Honorable Court of the due convening and resolutions passed at such meetings by such date as may be fixed, and that the quorum requisite for the conduct of business at each such meeting shall be as specified in the articles of association of each of the Petitioner;
- c) to give directions, if deemed fit, that the Chairman of the said meetings should submit reports to this Honorable Court of the due convening and resolutions passed at such meetings by such date as may be fixed;
- d) to direct that notices through publication or otherwise of the said meeting be issued to the members and/or secured creditors (as may be applicable) of the Petitioners and the Registrar of Companies under Section 283 of the Act;
- e) upon approval of the Scheme of Arrangement by the respective members and/or secured creditors (as may be applicable) of the Petitioners, to approve and sanction the Scheme of Arrangement;

**ATTACHED**  
Examiner  
Copy Supply Section  
Lahore High Court, Lahore



9

- f) to pass all necessary orders to give effect to the Scheme of Arrangement, including but not limited to, orders under Section 282(3) of the Companies Act, 2017 for the transfer to and vesting in the Petitioner No. 2 of the entire undertaking and business of the Petitioner No. 1, including all assets, properties, liabilities, rights, benefits, powers, privileges, including listing status on the Pakistan Stock Exchange and eligibility for induction with Central Depository Company, licenses, contracts, as more particularly described in the Scheme for Arrangement, in accordance with the terms of the Scheme of Arrangement;
- g) to order that the authorized share capital of the Petitioner No. 2 shall stand revised in accordance with the terms of the Scheme of Arrangement and the authorized share capital of the Petitioner No. 2 shall stand enhanced to PKR 5,600,000,000/- (Pakistan Rupees Five Billion Six Hundred Million only) divided into 560,000,000 (Five Hundred Sixty Million) shares of PKR 10/- (Pak Rupees Ten) each, in accordance with the Scheme of Arrangement, without the payment of any fees, charges, costs, and without the performance of any further acts and / or formalities;
- h) to order under section 282(3)(b) of the Act, directing the Petitioner No. 2 to issue such number of shares to Petitioner No. 1 and its shareholders on the basis of the Swap Letter, each in accordance with the provisions of the Scheme of Arrangement;
- i) to order that as a result of the merger / amalgamation, the listing status on the Pakistan Stock Exchange of the Petitioner No. 1 stands transferred and vested into the Petitioner No. 2, the shares of the Petitioner No. 2 be listed on the Pakistan Stock Exchange by filing of necessary / requisite documents with the Pakistan Stock Exchange under the applicable laws and the Petitioner No. 1 be de-listed from the Pakistan Stock Exchange, in accordance with the provisions of the Scheme of Arrangement.
- j) to order under section 282(3)(d) of the Act, the dissolution without winding up of the Petitioner No. 1, in accordance with the provisions of the Scheme of Arrangement; and
- k) to pass such further order or orders and to issue all consequential, incidental and necessary directions as this Honorable Court may deem fit and proper in the circumstances.

ATTESTED  
Examiner  
Copy Supply Section  
Lahore High Court, Lahore

Dated:



FOR AND ON BEHALF OF  
PETITIONER NO. 1



FOR AND ON BEHALF OF  
PETITIONER NO. 2

ADVOCATE FOR THE PETITIONERS

TRUE COPY  
C.O. No. \_\_\_\_\_  
Examiner: JIS (Commercial Branch)  
Lahore Civil Court, Lahore

Examiner Copy Supply Section  
Authorized Signatory  
Circular 87 of 1999  
Statutory Order 1999

Copy Petition 74315  
Case No. 21-123  
Submission 10  
No. of pages 10  
Examiner's Signature  
Date of Order 23/12/23