



BABRI COTTON MILLS LIMITED

HABIBABAD - KOHAT (KHYBER PAKHTUNKHWA) PAKISTAN

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Ref. No.BCM/CS/22/512

Date: February 08, 2022

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

DISCLOSURE OF MATERIAL INFORMATION REGARDING MERGER

Dear Sir,

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

This is with reference to the letter of PSX, Ref No. PSX/C125 234, dated February 04, 2022.

We have attached herewith the following documents as required through the aforementioned letter:

1. Certified true copy of the Peshawar High Court Peshawar, sanctioning the Scheme of Amalgamation
2. Final Scheme of Amalgamation / Merger Approved by the Court.
3. Report of M/s Grant Thornton Anjum Rahman, Chartered Accountants, determining the valuation and SWAP Ratio.

We request you to kindly disseminate this information to all concerned.

Yours Sincerely,

Abdul Moqees Zaman Malik
Company Secretary

PESHAWAR OFFICE:

Deans Trade Centre,
145 & 146, 3rd Floor,
Saddar Road, Peshawar Cantt.
Tel: (091) 5286764, 5250082
Fax: (091) 5272001

RAWALPINDI OFFICE:

Gammon Pakistan Ltd.
Gammon House
Peshawar Road, Rawalpindi.
Tel: (051) 5477831, 5477326
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LAHORE OFFICE:

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Napier Road, Lahore
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109/2 Clifton Karachi - 74200
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Judgment Sheet

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



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

JUDGMENT

Date of hearing.

Date of announcement: 31.01.2022

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

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

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

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Peshawar High Court

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

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


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

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

Upon which, the petitioners filed their rejoinder, stating therein


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EXAMINER
Peshawar High Court

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

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

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



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Peshawar High Court

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

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


ATTESTED
EXAMINER
Peshawar High Court

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

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

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



ATTESTED
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Peshawar High Court

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

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

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

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



M. J.
ATTESTED
EXAMINER
Peshawar High Court

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

**Announced:
31.01.2022.**

[Signature]
JUDGE

"A.Qayum PS" (SB)

[Signature]

Hon'ble Mr. Justice S M Attique Shah

No. 22929
 Date of Presentation of Application 01/01/2022
 No of Pages 17-12
 Copying fee 68/-
 Total 68/-
 Date of Preparation of Copy 03/01/2022
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[Signature]
 EXHIBIT TO BE TRUE COPY
 Examiner
 Sindh High Court, Faisalabad
 Islamabad Punjab, Article 87 of
 the Constitution of Pakistan Order 1982
03 FEB 2022

SCHEME OF ARRANGEMENT

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

FOR AMALGAMATION

OF

BABRI COTTON MILLS LIMITED

WITH

JANANA DE MALUCHO TEXTILE MILLS LIMITED

AND

THEIR RESPECTIVE MEMBERS

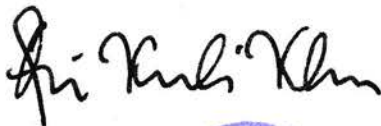
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TABLE OF CONTENTS**PAGE NOS.**

| | | |
|------------|--|-------|
| -- | PREAMBLE | 03-04 |
| ARTICLE-1 | DEFINITIONS | 05-08 |
| ARTICLE-2 | COMPANY BACKGROUND | 09-09 |
| ARTICLE-3 | SHARE CAPITAL AND RESERVES | 10-10 |
| ARTICLE-4 | BOARD OF DIRECTORS AND SHAREHOLDING THEREOF | 11-12 |
| ARTICLE-5 | SCHEME OF ARRANGEMENT FOR AMALGAMATION | 13-20 |
| ARTICLE-6 | SHARE-SWAP RATIO | 21-22 |
| ARTICLE-7 | UNDERTAKING | 23-23 |
| ARTICLE-8 | EFFECTIVE DATE | 24-24 |
| ARTICLE-9 | OBLIGATIONS | 25-25 |
| ARTICLE-10 | INTEREST OF DIRECTORS | 26-26 |
| -- | APPROVAL OF THE SCHEME BY THE DIRECTORS | 27-27 |



SCHEME OF ARRANGEMENT FOR AMALGAMATION

OF

BABRI COTTON MILLS LIMITED

AND

JANANA DE MALUCHO TEXTILE MILLS LIMITED

AND

MEMBERS OF THE SAID COMPANIES

**(IN TERMS OF PROVISIONS OF SECTION 279 TO 285
OF THE COMPANIES ACT, 2017)**

PREAMBLE

This Scheme is to merge / amalgamate **BABRI COTTON MILLS LIMITED (BCML)** with **JANANA DE MALUCHO TEXTILE MILLS LIMITED (JDMTML)**, by transfer to and vesting in **JDMTML** the whole of undertaking and business of **BCML** together with all the properties, assets, rights, liabilities and obligations of every description as subsisting on the Appointed Date, by the allotment of fully paid up ordinary shares of **JDMTML** to the registered holders of the shares of **BCML** in lieu of the shares of **BCML** held by them. Upon sanction of this Scheme by the Honourable Peshawar High Court, **BCML** will stand dissolved without observing any winding-up proceedings.

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OBJECT OF THE SCHEME

The Directors of **BCML** and **JDMTML** have considered to amalgamate **BCML** with **JDMTML** in anticipation that the proposed new set-up as envisaged under this "**Scheme of Arrangement for Amalgamation**" (hereinafter referred to as the "**Scheme**") will enable the new set-up to further focus on its business by strengthening management and finances, reducing cost and effective tax planning, enlarged equity base and a larger asset base thus facilitating business to be carried on more advantageously, economically and profitably and as a consequence of a merged set-up, better yield may eventually be expected by the shareholders from economy of scales and the proposed set-up as a single consolidated operating unit. Based on the synergies which are expected to be achieved after the merger, the shareholders' value eventually expected to be increased. These benefits, subject to sanction by the **Honourable Peshawar High Court**, are sought to be achieved through this proposed **Scheme of Arrangement for Amalgamation** by amalgamating **BCML** with **JDMTML**. The proposed **Scheme of Arrangement for Amalgamation** shall be submitted to the **Honourable Peshawar High Court** seeking its sanction to the **Scheme** for carrying it into effect and taking such actions as it may consider necessary and conducive to the attainment of the aforesaid objectives.



ARTICLE-1

DEFINITIONS

Unless the context requires otherwise, the following terms, stated in this **Scheme** shall have the meanings assigned thereto.

1. "**Appointed Date**" means 01 July 2020.
2. "**Assets**" means, unless the context otherwise permits or requires, all properties and rights of every description of **BCML** or related thereto or connected therewith (whether present or future) and shall include, all rights, titles, interests, permits, authorities, privileges, benefits, facilities, licences and properties of all kinds and by whatever title held and whether moveable or immoveable , tangible or intangible, leasehold or freehold, including, but not limited to, stock-in-trade, stock-in-transit, inventories, raw materials, ingredients, office supplies, spares, consumable stores, works-in-progress, finished goods, actionable claims, cash and bank balances, investments, receivables, book debts, advances and deposits, prepayments and all other rights and interest in and arising out of such properties in the ownership, possession, power or control of **BCML**, whether within or outside Pakistan, and all books of account, registers, records and all other documents of whatever nature relating or belonging thereto, and plants and machinery of **BCML**, together with all plants and equipment, generators, spare parts, tools, equipment, motor vehicles, furniture, fixtures and fittings, office and storehouses/ warehouses, and all proprietary rights, titles and interests of **BCML** in any trademark, service mark,



design, patent, copyright, whether registered or by way of passing-off, used exclusively in the business of **BCML**.

3. **"Claims"** means all present or future, actual or contingent, current or deferred claims, counter-claims, demands or causes of action by or against **BCML**.
4. **"Contract"** means agreements, deeds, trusts, leases, conveyances, grants, undertakings, and/or contracts of every description relating to any obligation enforceable by or against **BCML**.
5. **"Effective Date"** means as specified in **Article-8** of this **Scheme**.
6. **"Employees"** means and includes all permanent employees engaged in or as determined by **BCML**.
7. **"Existing"** means existing, outstanding or in force immediately prior to the **Effective date**.
8. **"Financial Statements"** means financial statements of **BCML** and **JDMTML** made as of 30 June 2020, duly audited for the purpose of determining the share exchange ratio on the Appointed Date **marked as Annexure - A & B** hereto.
9. **"Liabilities"** means the debts and other liabilities of **BCML** including all borrowings, debts, credits, all sums of money payable including duties and



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obligations of every description (whether present or future, actual or contingent, current or deferred).

10. "**BCML** " means **BABRI COTTON MILLS LIMITED**" a quoted public company limited by shares, incorporated under the provisions of the then Companies Act, 1913 (now stands repealed and replaced with Companies Act, 2017) whose securities are listed at Pakistan Stock Exchange and having its Registered Office at **Habibabad, Kohat, Khyber Pakhtunkhwa** and is engaged principally in manufacturing & sale of yarn.
11. "**JDMTML**" means **JANANA DE MALUCHO TEXTILE MILLS LIMITED**" a quoted public company limited by shares, incorporated under the provisions of the then Companies Act, 1913 (now stands repealed and replaced with Companies Act, 2017) whose securities are listed at Pakistan Stock Exchange and having its Registered Office at **Habibabad, Kohat, Khyber Pakhtunkhwa** and is principally engaged in manufacturing & sale of yarn.
12. "**ACT**" means the Companies Act, 2017 or any statutory modification or re-enactment thereof for the time being in force.
13. "**Security or Securities**" means and include the securities as provided in sub-clauses (a) to (i) of clause (iii) of section 2 of the Securities Act, 2015 whether listed



or not, or other means of securing payment or discharge of any liability relating to and connected with **BCML**

14. "**Scheme or Scheme of Arrangement**" means this **Scheme of Arrangement** contained herein for amalgamation of **BCML** with **JDMTML** for transferring to and vesting of **BCML** into **JDMTML** and constituting the amalgamated entities as **JDMTML** with any modification thereof or addition thereto approved or conditions, if any, imposed by the Honourable Peshawar High Court.

For Kohat Mills



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ARTICLE-2

COMPANY BACKGROUND

JANANA DE MALUCHO TEXTILE MILLS LIMITED

JDMTML is a public listed company limited by shares, incorporated in Pakistan, under the provisions of the Companies Act, 1913 (now repealed and replaced with Companies Act, 2017) whose securities are listed at Pakistan Stock Exchange and having its Registered Office situated at **Habibabad, Kohat** in the province of **Khyber Pakhtunkhwa** and its principal line of business is manufacturing and sale of yarn. The manufacturing facility of **JDMTML** is located at **Habibabad, Kohat, Khyber Pakhtunkhwa**. **JDMTML** has been achieving favorable operating results and had declared & distributed dividend from time to time to its shareholders ranging between 12.5% to 30%.

BABRI COTTON MILLS LIMITED

BCML is an associated undertaking of **JDMTML**. It is a public listed company limited by shares, incorporated in Pakistan, under the provisions of the Companies Act, 1913 (now repealed and replaced with Companies Act, 2017) whose securities are listed at Pakistan Stock Exchange and having its Registered Office situated at **Habibabad, Kohat** in the province of **Khyber Pakhtunkhwa** and its principal line of business is manufacturing and sale of yarn similar to **JDMTML**. The manufacturing facility of **BCML** is located at **Habibabad, Kohat, Khyber Pakhtunkhwa**. **BCML** is in operation since its inception in 1970 but for the past few years it has been facing operating and financial difficulties resulting in unfavorable operational results due to which no dividend could be declared to its shareholders.



ARTICLE-3

SHARE CAPITAL AND RESERVES

The Authorized, Issued, Subscribed and Paid-up Share Capital of **BCML** and **JDMTML** on the **Appointed Date** is as under:

Present Corporate Setup

(Rupees in million)

| | <u>BCML</u> | <u>JDMTML</u> |
|---|-------------|---------------|
| AUTHORIZED CAPITAL | <u>250</u> | <u>200</u> |
| PAID UP CAPITAL | | |
| - issued for cash | 29 | 17 |
| - issued as bonus shares | 4 | 10 |
| - issued on conversion of a liability | <u>3</u> | <u>21</u> |
| | 36 | 48 |
| CAPITAL RESERVE | 927 | 2,391 |
| REVENUE RESERVE | 90 | 372 |
| UN-APPROPRIATED PROFITS / (LOSS) | <u>(64)</u> | <u>484</u> |
| | <u>989</u> | <u>3,295</u> |







ARTICLE-4

BOARD OF DIRECTORS AND SHAREHOLDING THEREOF

- a) The Board of Directors of **BCML** comprises of the following persons and their shareholdings are as under:

| S. No. | Name of Directors | % Holding | No. of Shares of Rs.10/- each | Nominal Value (in Rupees) |
|--------|---|--------------|-------------------------------|---------------------------|
| 1. | Lt. Gen. (Retd.) Ali Kuli Khan Khattak | 0.350 | 12,832 | 128,320/- |
| 2. | Mr. Ahmed Kuli Khan Khattak | 0.380 | 13,981 | 139,810/- |
| 3. | Mrs. Shahnaz Sajjad Ahmad | 0.190 | 6,992 | 69,920/- |
| 4. | Mr. Gohar Ayub Khan | 0.080 | 2,960 | 29,600/- |
| 5. | Mr. Muhammad Iftikhar Ali | 0.000 | 100 | 1,000/- |
| 6. | Mr. Saad Waheed * | 0.000 | 100 | 1,000/- |
| 7. | Mr. Shoaib Ahmad Khan <i>(Nominee of Bibojee Services (Pvt) Limited)</i> <i>*Resigned subsequently & casual Vacancy will be filled by BOD within the prescribed time.</i> | 0.000 | -- | -- |
| | | <u>1.000</u> | <u>36,965</u> | <u>369,650/-</u> |

- b) The Board of Directors of **JDMTML** comprises of the following persons and their shareholdings are as under:

| S. No. | Name of Directors | % Holding | No. of Shares of Rs.10/- each | Nominal Value (in Rupees) |
|--------|--|--------------|-------------------------------|---------------------------|
| 1. | Mr. Raza Kuli Khan Khattak | 0.260 | 12,482 | 124,820/- |
| 2. | Lt. Gen. (Retd.) Ali Kuli Khan Khattak | 0.230 | 11,114 | 111,140/- |
| 3. | Mr. Ahmed Kuli Khan Khattak | 0.260 | 12,214 | 122,140/- |
| 4. | Mrs. Shahnaz Sajjad Ahmad | 0.130 | 6,107 | 61,070/- |
| 5. | Mr. Gohar Ayub Khan | 0.080 | 3,700 | 37,000/- |
| 6. | Brig. (Retd) Abdul Samad Khan | 0.000 | 10 | 100/- |
| 7. | Col. (Retd) Syed Yunus Ali Raza | 0.000 | 100 | 1,000/- |
| | | <u>0.960</u> | <u>45,727</u> | <u>457,270/-</u> |

Ali Kuli Khan



[Signature]

c) **Directors of JDMTML**

The existing Directors of **JDMTML** are expected to continue to serve as Directors of **JDMTML** after amalgamation.

d) **Directors of BCML**

Upon merger of **BCML** with **JDMTML** pursuant to the directions, if any, of Honourable Peshawar High Court, the Directors of **BCML** shall relinquish their offices and no compensation shall be payable to any of these Directors on account of relinquishing their offices as BCML Directors.



A handwritten signature in blue ink, appearing to be "S. Hussain", written in a cursive style.

ARTICLE-5

SCHEME OF ARRANGEMENT FOR AMALGAMATION


This **Scheme** has been formulated pursuant to the provisions of **Section 279 to 285** of the Companies Act, 2017 for transfer and vesting of **BCML** into **JDMTML** with effect from the **Effective Date** or such other date as the **Honourable Peshawar High Court** may order. This **Scheme** shall be subject to sanction of the **Honourable Peshawar High Court** with such modifications and or additions or deletions herein as may be ordered by it.

Although this **Scheme** shall, subject to the sanction by the **Honourable Peshawar High Court**, come into operation with reference to the **Appointed Date** but shall become effective from last of the dates as specified in **Article-8** of this **Scheme** unless otherwise determined by the **Honourable Peshawar High Court**. The terms of this **Scheme** are set-forth hereunder:

TERMS OF ARRANGEMENT

1. On the **Effective Date**, the entire undertaking of **BCML** shall, together with all the properties, assets, rights, liabilities and obligations of every description as subsisting on the **Appointed Date**, pursuant to the provisions contained in Section 282 of the Act, without any further act, deed, matter, or thing, be and the same shall be deemed to have been transferred to and be vested in **JDMTML** subject to the charges, if any, existing thereon on the **Effective Date** in favor of banks / financial institutions and any other secured creditors of **BCML**, and subject to all outstanding claims of unsecured creditors and other valid claims, if and only if such charges and claims relate to or are pertaining to **BCML**. The assets, claims, contracts, liabilities and securities of **BCML** shall and be deemed to have been transferred at book value as disclosed in the Financial




Statements marked as **Annexure** related to **BCML** as of the Appointed Date. Physical delivery and transfer of such assets including registration thereof where applicable shall cause to be made within a reasonable time but not later than 365 days from the date of the order of the Honourable Peshawar High Court, sanctioning this Scheme. Without derogating from the generality of definitions of terms "**BCML**", "assets", and "liabilities", as defined herein, **BCML** to be transferred to and be vested in **JDMTML** under this Scheme from the Appointed Date shall constitute the following:

- (a) all the assets including properties of all kinds whether movable or immovable, tangible or intangible, leasehold/or freehold properties, actionable claims, book debts, advances, deposits, prepayments and other receivables, investments and cash and bank balances of **BCML** at their respective book values as disclosed in the Financial Statements, but the said transfer and vesting of assets related to **BCML** shall be subject to all mortgages or charges or other encumbrances subsisting, if any, thereon on the Appointed Date;
- (b) all debts, obligations and other liabilities of every kind and description whether accrued or accruing, contingent or deferred and whether incurred solely or jointly with other or others including amounts owing to banks and financial institutions and other creditors related to **BCML** at book value as on the Appointed Date;
- (c) Shares of **JDMTML** held by **BCML** as investments shall be disclosed as Treasury Shares in the Financial Statements of **JDMTML** as on the Appointed Date;







- (d) all banking and other accounts maintained including such accounts, if any, maintained with the Collector of Customs, if any and other authorities or any other regulatory agency or **JDMTML** related to **BCML**;
- (e) all rights, powers, authorities and privileges including all registrations, licenses, permits, categories, entitlements, sanctions and permissions relating to imports and exports or otherwise concerning the investment in or carrying on of business of **BCML**;
- (f) all connections and facilities of telecommunications owned or leased or licensed including telephones and mobile telephones, telexes and facsimiles and benefits of all payments and deposits made in connection therewith related to **BCML**;
- (g) all connections, meters and other installations owned by or leased or licensed for electricity, water and gas and the benefit of all payments and deposits made in connection therewith related to the facilities of **BCML**;
- (h) all contracts, to which **BCML** is a party from the effective date, shall have the effect as if **JDMTML** has been a party thereto instead of **BCML** and for any reference (however worded, whether expressed or implied) to **BCML** shall be substituted reference to **JDMTML**;
- (i) all proprietary rights and the rights and obligations as licensee in respect of trade marks, if any, trade names, trading styles, copyrights, patents, secret processes,







know-how and confidential information and the goodwill, if any acquired in respect of **BCML**;

- (j) all liabilities on account of taxes and the entitlement to credit or refund of tax payments made for or in respect of any assessment or liability of taxes including but not limited to advance tax collections, withholding taxes collected / deducted, sales tax, levies, fees, charges in respect of **BCML**;
- (k) the Reserves and Surplus, if any of **BCML** as on the Appointed Date, as disclosed in the Financial Statements shall stand and be deemed to have been transferred to and vested in **JDMTML** under this Scheme;
- (l) the transfer and vesting of **BCML** as aforesaid will not affect any transactions or proceedings already executed or concluded between the Appointed Date and the Effective Date, by **BCML** in the ordinary course of business to the end and intent that **JDMTML** shall accept all acts, deeds and things done by and executed by **BCML**.

2. This Scheme shall not in any manner affect the interest of **JDMTML** or creditor(s) of **BCML** subsisting on the Appointed Date and **JDMTML** shall be bound to carry out the terms and conditions connected therewith with the same legal effect and force as if this Scheme was not sanctioned.







3. All legal or other proceedings by or against **BCML** pending, if any, on the Effective Date shall be continued and enforced by or against **JDMTML** with the same legal effect and force as if this Scheme was not sanctioned.

4. All costs, charges and expenses in relation to or in connection with negotiations leading upto this Scheme and of carrying out and implementing the terms and provisions of this Scheme and incidental to the completion of arrangement of transfer and vesting of **BCML** in pursuance of this Scheme shall be shared by **BCML** and **JDMTML** or shall be borne and paid by **JDMTML**, or as may be mutually agreed by the respective companies.

5. Consequent upon approval of this Scheme by the Board of Directors of **BCML** and **JDMTML**, a petition will be submitted to the Honorable Peshawar High Court for obtaining sanction of this Scheme formulated in terms of the provisions of Section 279 of the Act and for an order under Section 282 of the Act for carrying the Scheme into effect.

6. **Alteration of the Scheme**

The directors of **BCML** and **JDMTML** may, in their absolute discretion, assent to any alterations or modifications in the Scheme which the Honourable Peshawar High Court may deem fit to approve or impose and may give such directions as they may consider necessary to settle any questions or difficulty arising under this Scheme or in regard to its implementation or in any matter connected therewith (including any question or difficulty arising in connection with any deceased or insolvent shareholder of said companies).



7. Notwithstanding paragraph 6 aforesaid, the Board of Directors of **JDMTML** may generally or with regard to any specific issue or matter related to the execution and implementation of the Scheme upon its due approval by the Honourable Peshawar High Court, authorize any person(s) or committee of persons to carry out such acts, deeds and things as may be deemed from time to time expedient and necessary for a proper and smooth implementation of the Scheme.

8. Employees of BCML

8.1 All existing permanent employees engaged by **BCML** shall and be deemed to have become the employees of **JDMTML** with effect from the Appointed Date on the same terms and conditions on which they were engaged immediately before the Appointed Date, without any interruption or affect on the continuity or length of their respective services and the services of all such employees shall be taken into account for purposes of all retirement/termination and related benefits to which they were eligible in **BCML**.

8.2 The account balances of all such employees referred to in paragraph 8 above, relating to Provident Fund and Gratuity Fund, if any, shall be identified and determined on the Appointed Date and be deemed to have been transferred to **JDMTML's** Provident Fund and Gratuity Fund, (hereinafter referred to as "the Funds"), as the case may be, and all these Funds shall be deemed to have been in existence and be in force and effect for the benefits of those employees from the Appointed Date and all such employees referred to in paragraph 8 above shall and be deemed to have become members of these Funds with effect from the Appointed Date subject however to the condition that the continuity and the length of their respective membership or interest in such



A handwritten signature in blue ink, appearing to read "Mr. M. M. M.", is written over a circular purple stamp.

Provident Funds and Gratuity Fund, etc., as the case may be, shall remain unaffected as it was before the Scheme was sanctioned.

9. **Issue of shares by JDMTML**

Upon transfer to and vesting in **JDMTML** of the **BCML** undertaking, **JDMTML** shall issue at par and allot Ordinary Shares of **JDMTML** credited as fully paid-up to the persons who, on a day to be fixed by the directors of **JDMTML**, are registered holders of the Ordinary Shares in **BCML**, and such allotment shall be made on the following terms:

In respect of every 1.44 Ordinary Shares of Rs. 10/- each of **BCML**, there shall be allotted One (1) Ordinary share of Rs. 10/- of **JDMTML** and all entitlements of the registered holders of the Ordinary Shares in **BCML** to the Ordinary Shares in **JDMTML** shall be determined in the proportion aforesaid. Fractional shares, however, shall not be issued. All fractions less than a share shall be consolidated into whole shares, which shall be allotted to any one of the **JDMTML** Directors upon trust to sell such shares and to pay the net sale proceeds realized (less the expenses of sale) to those of the registered holders of the Ordinary Shares in **BCML** who are entitled to fractions in proportion to their respective fractional entitlements.

10. **BCML** shall take all actions and execute all formalities considered by its Board of Directors necessary and expedient to properly and smoothly cause the transfer of and vesting of **BCML** in **JDMTML** and carry out and execute this Scheme pursuant to and in accordance with the Order of the Honourable Peshawar High Court.



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11. This Scheme shall become null and void subject to the following and in that event, no rights and liabilities shall accrue to or be incurred in terms of this Scheme;

- i) if the Scheme is not approved by the requisite majority of members of **BCML** and **JDMTML**;
- ii) If such other sanctions of the Honourable Peshawar Hight Court in respect of this Scheme is not obtained.

12 (a) The transfer and vesting of **BCML** in **JDMTML** in terms of this Scheme shall not:

- constitute any assignment
- devolution
- conveyance
- alienation or other disposition under any law for the time being in force
- give rise to any forfeiture
- invalidate or discharge any Contract or Security

12 (b) As of the Effective Date, the terms of this Scheme shall be binding on **BCML** and all its members, and also on **JDMTML** and all its members and also on all the debtors and creditors of the said companies and any person having any right or liability in relation to them.

for Kuli Khan



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ARTICLE-6

SHARE-SWAP RATIO

- a) The total number of shares of **JDMTML** to be allotted to the existing members of **BCML** in exchange of their existing holding of shares in **BCML** shall be **2,131,028** ordinary shares of the face value of Rs.10/- each of **JDMTML**, at par, aggregating to **Rs. 21,310,280** (net of **JDMTML** shares in **BCML**), determined on share exchange basis as detailed hereunder.
- b) Based on share exchange ratio, each member of **BCML** holding ordinary share(s) on the Effective Date in terms of Article-8 shall, after book closure, be entitled to claim and receive as of right, such number of fully paid-up ordinary shares of the face value of Rs.10/- each, at par, in **JDMTML** as may be determined to the extent and in the manner detailed hereunder, in exchange of his/her existing holding of share(s) in **BCML**:

SHARE EXCHANGE BASIS

BCML JDMTML

1.44 : 1

Share-exchange ratio



c) The shares of **JDMTML**, issued and allotted in the manner as aforesaid to the shareholders of **BCML**, on an application made to the stock exchanges in Pakistan, shall and be deemed to rank pari passu as “quoted shares” with the existing shares of **JDMTML** for the purposes of listing, trading, quoting, dividends, bonus shares and dealing in such shares on the stock exchange(s) in Pakistan, with the same legal effect and force as if this Scheme was not sanctioned.

for Kohat Mills



[Handwritten signature]

ARTICLE-7

UNDERTAKING

BCML hereby undertakes that from the Appointed Date and upto and including the Effective Date;

- (i) it shall be deemed to have carried on and to be carrying on business, operations and activities with reasonable care and prudence and shall not alienate, charge or otherwise deal with or dispose of any significant part of its undertaking (except in the ordinary course of business) and shall not carry out any substantial expansion of **BCML** and acquire properties, so to be transferred and vested in **JDMTML** in terms of this **Scheme**.
- (ii) it shall not utilize the profits, reserves or surplus, if any, relating to and as may accrue to **BCML**, for the purposes of declaring or paying any dividend or issue bonus shares from such profits or reserves relating to the period falling on and after the Appointed Date.
- (iii) all taxes on income, including but not limited to advance tax, collection and withholding taxes collected/deducted in respect of **BCML** shall and be deemed to be to the benefit and credit of **JDMTML**, notwithstanding that such taxes were paid, collected or deducted in the name of **BCML**.



ARTICLE-8

EFFECTIVE DATE

8. The Scheme shall not become effective until the last of the following dates, namely;
- a) such date as the Honourable Peshawar High Court may specify in this behalf at the time of sanctioning the Scheme;

OR

- b) as soon as all necessary certified copies of an order or orders of the Honourable Peshawar High Court under the provisions of the Act, shall have been filed with the Joint Registrar of Companies, Peshawar.

[Handwritten signature]



[Handwritten signature]

ARTICLE-9

OBLIGATIONS

9. (a) Upon sanction of the Scheme by the Honourable Peshawar High Court, **JDMTML** shall, or at its discretion, cause **BCML** to give notice in such form as it may deem fit and proper, to each person, customer, sundry debtors or depositor, as the case may be, in respect of debts, loans, advances, etc., to be paid or made good as the person entitled thereto to the end and intent that the right of **BCML** to recover or realize the same stands vested in **JDMTML** and that appropriate entry shall be passed in the books of **JDMTML** to record the aforesaid changes.

9 (b) Upon sanction of this Scheme by the Honourable Peshawar High Court in terms of the provisions of the Act, **JDMTML** shall also give public notice in such manner, at such intervals and in terms of the provisions of the Act and Listing Regulations of Pakistan Stock Exchange and such other manner as it may deem fit, calling upon the existing shareholders of **BCML** to surrender their share certificate (s) in exchange for share certificate(s) of **JDMTML** to such extent as set out in Article-6 hereof and in such manner as the Board of Directors of **JDMTML** shall determine.



ARTICLE-10

INTEREST OF DIRECTORS

All the Directors of **BCML** and **JDMTML** are interested to the extent of shares that are held by them in said companies, in terms of this Scheme. The effect of the Scheme on the interest of these directors does not differ from its effect on the like interest of other Members of the said companies.

The Directors are also interested to the extent of remuneration and fringe benefits as per the policies of the said companies.








APPROVAL OF THE SCHEME BY THE DIRECTORS OF BCML AND JDMTML

The Directors of **BCML** and **JDMTML** have approved the foregoing Scheme for submission to the Honourable Peshawar High Court as resolved at the Board of Directors meetings held on **24 October, 2020** of respective companies.

for Mubir Khan



[Signature]



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BAS/C555/20/0925

October 15, 2020

The Board of Directors (the Board)
Babri Cotton Mills Limited
Kohat, Khyber Pakhtunkhwa

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Dear Board Members

SCHEME OF MERGER

We are pleased to enclose the draft of the proposed Scheme of Merger and Share Swap Ratio of **Babri Cotton Mills Limited** and **Janana De Malucho Textile Mills Limited** for your perusal as well as the management of aforesaid companies and their legal counsel.

As you are aware, the Scheme would be implemented after the sanction by the Honorable Peshawar High Court, Peshawar on an application to be made in this behalf in terms of Section 279 to 285 of the Companies Act, 2017 subject to prior approval of the said scheme by the Competition Commission of Pakistan. Accordingly, the proposed scheme along with an application and prescribed processing fee is to be submitted to the Competition Commission of Pakistan for seeking its approval. The Scheme would also need to be approved by the shareholders in a general meeting in due course.

We suggest while reviewing the draft scheme, please ensure factual accuracy and completeness of statements and disclosures made in the draft Scheme. Kindly compile the Schedules and Annexures wherever referred to in the Scheme.

Further, we were provided with other related information and explanations as and when required to carry out swap ratio calculations. We have not conducted verification of the said financial projections, valuations and related information. Accordingly, we considered generally accepted valuation methodologies namely Discounted Cash Flows (DCF), Adjusted Net Assets based Valuation (ANAV), Net Assets based Valuation (NAV) and Market share prices at the Pakistan Stock Exchange. Based on the different techniques mentioned above, we have derived a range of share swap ratios reflected in the Annexure hereto for approval of the Board to incorporate in the Scheme.

Upon receiving feedback from you, the management of aforesaid companies and the legal counsel on the draft Scheme, we will be pleased to submit a revised draft incorporating the changes wherever necessary including share-swap ratio.

We shall be pleased to clarify any point which you may have in respect of the above.

Yours faithfully

“Annexure”

| S. No. | Basis of valuation | Value per share | | SWAP Ratio | | |
|--------|---|-----------------|-------|------------|---|-------|
| | | JDM | BCM | JDM | : | BCM |
| 1 | Discounted Cash Flow based Valuation (DCFV) | 770 | 151 | 1 | : | 5.110 |
| 2 | Adjusted Net Assets based Valuation (ANAV) | 682 | 160 | 1 | : | 2.890 |
| 3 | Net Assets based Valuation (NAV) | 689 | 271 | 1 | : | 2.540 |
| 4 | Market share prices at PSX * | 78.63 | 54.67 | 1 | : | 1.438 |

* Market share price as at June 30, 2020.