

2096/20 (8)

W/M

Presented on 01/03/2021
[Signature]
Deputy Registrar (A&P)

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

J. MISC PETITION NO. 01 OF 2022

**In the matter of:
Sections 279 to 282 and 285 of the Companies Act, 2017**

**1. NADEEM POWER GENERATION
(PRIVATE) LIMITED**, a private company
limited by shares, incorporated
under provisions of Companies
Ordinance, 1984 (repealed) (now the Companies Act, 2017)
having its registered office at
A-801 – 804 Lakson Square Building No. 3,
Block – A, Sarwar Shaheed Road,
Karachi **PETITIONER NO. 1**

2. NADEEM TEXTILE MILLS LIMITED,
a public company limited by shares, incorporated
under the provisions of Companies
Ordinance, 1984 (repealed) (Now the Companies Act, 2017)
having its registered office at
A-801 – 804 Lakson Square Building No. 3,
Block – A, Sarwar Shaheed Road,
Karachi **PETITIONER NO. 2**

**PETITION UNDER SECTION 279 TO 282 READ WITH
SECTIONS 285 OF THE COMPANIES ACT 2017**



IN THE HIGH COURT OF SINDH AT KARACHI

BEFORE:
Mr. Justice Muhammad Shafi Siddiqui

J.C.M. No. 01 of 2022

In the matter of
Nadeem Power Generation (Pvt.) Ltd.
And
Nadeem Textile Mills Ltd.

Date of Hearing: 30.11.2022
Petitioners: Through Mr. Saleem uz Zaman Advocate.
SECP: Through Mr. Ibad-ur-Rehman, Law Officer,
SECP.

J U D G M E N T

Muhammad Shafi Siddiqui, J.- This petition under sections 279 to 282 read with Section 285 of Companies Act, 2017 pertains to merger of petitioner No.1 with petitioner No.2. The purpose of the petition is approval of the scheme of Amalgamation/Merger dated 28.12.2021 attached as Annexure 'A' to the petition. In substance the petitioners have proposed to restructure in terms whereof petitioner No.1 i.e. Nadeem Power Generation (Pvt.) Ltd. is required to be merged and amalgamated into petitioner No.2 i.e. Nadeem Textile Mills Ltd.

I have heard learned counsel for petitioner as well as law officer SECP and perused material available on record.

In terms of the Scheme of Amalgamation/Merger entire undertaking and business including assets, rights, properties, benefits, powers privileges, contracts, liabilities, encumbrances, obligations and dues of petitioner No.1 will be transferred to and vested in and assumed by petitioner No.2 against the allotment and issue of shares of petitioner No.2 to shareholders of petitioner No.1. Thus, in terms of Scheme of



Amalgamation/Merger petitioner No.2 will act accordingly whereas petitioner No.1 shall cease to exist without winding up.

The audited financial statements of both petitioners No.1 and 2 as on 30.06.2021 are available on record as Annexures 'O' and 'P' respectively. The Scheme is determined and approved by the respective Board of directors of both the petitioners after considering all the aspects including the values and calculations by the Chartered Accountants. The shareholders of petitioner No.2 shall be issued shares of petitioner No.1 in accordance with the Scheme of Amalgamation/Merger.

As far as the issues raised in the parawise comments are concerned, which the Law Officer has also agitated during the course of arguments, a perusal of the record reveals that all such objections are met, which fact is ratified by Additional Registrar of Companies, Incharge Company Registration Office, Karachi, Securities & Exchange Commission of Pakistan by filing a statement dated 12.10.2022, which is taken on record. Hence in substance he has conceded to the Scheme of Amalgamation/Merger.

The Court in the proceedings put a question as to how the two petitioners having distinct objects could be merged as in terms of the Scheme once the two entities are merged, business of power generation i.e. petitioner No.1 cannot be operated through one Memorandum & Articles of Association that concerns with textile mills i.e. petitioner No.2. Learned counsel for the petitioner in the line with the observation of the Court filed amended/revised Scheme, to which the Law Officer SECP has extended his no objection as far as revised memorandum of the merger scheme of two entities i.e. Nadeem Power Generation (Pvt.) Ltd. and Nadeem Textile Mills Ltd. is concerned.



In view of the above, it appears that the petitioners completed all necessary legal formalities, including holding separate meetings of shareholders and board of directors, requisite publication and issuance of notices to the Securities & Exchange Commission of Pakistan. In terms of such meetings of the board of directors and shareholders to the extent it is applicable and report pertaining to such meetings are available on record and not a single shareholder of any of the two petitioners objected to the scheme. Copy of letter of Pakistan Stock Exchange to such merger and that of swap ratio calculation issued by the Chartered Accountants are available on record. The publication of the instant petition was effected in Daily 'Dunya and 'Business Recorder' of Lahore, Karachi and Islamabad in their issue of 03.01.2022 and was also gazette.

It is settled principle of law that the approach is channelized to ascertain (i) whether the statutory requirements were complied with and (ii) to determine whether the scheme as a whole has been arrived at by the majority, bona fide and the interest of whole body of shareholders in whose interest the majority purported to act and (iii) whether scheme is such that fair and reasonable shareholder will consider it to be for the benefit of the company for himself. In the instant case no objection of whatsoever from any quarter has come forward while all the requisite formalities have been fulfilled hence no exception could be taken.

To understand the concept of question, it is rather to be seen from the perception that a wise group of businessmen has taken a decision considering all its pros and cons. While taking such decision there are chances of success and failure but then while questioning such decision the bona fide is the real litmus test. A businessman takes decision foreseeing the future aspect. The Court could only see that all



legal formalities have been fulfilled and that the scheme is neither unjust nor unfair or against the national interest but cannot challenge the wisdom of a decision of businessman as by doing that the Court would be overriding the wisdom of a businessman and their prerogative. Even otherwise the report of Chartered Accounts is also very material who were engaged for calculating the swap ratio in respect of envisaged scheme of Amalgamation/Merger.

In view of the above, I do not see any impediment in granting this petition, which is accordingly allowed as prayed.



Muhammad Shafi Siddiqui
Page

THE HIGH COURT OF SINDH, KARACHI
CERTIFIED TO BE TRUE COPY

Muhammad Sarfaraz
 (MUHAMMAD SARFARAZ)
 I/C: ASSISTANT REGISTRAR (COPYING)

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Muhammad Sarfaraz
 03-01-2023
 COMPARING BY/
 OFFICE ASSOCIATE
 (MUHAMMAD SARFARAZ)
 I/C: ASSISTANT REGISTRAR (COPYING)

2096/2018

W/M

Presented on 01/03/2021
[Signature]

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

J. MISC PETITION NO. 01 OF 2022

In the matter of:
Sections 279 to 282 and 285 of the Companies Act, 2017

1. NADEEM POWER GENERATION
(PRIVATE) LIMITED, a private company
limited by shares, incorporated
under provisions of Companies
Ordinance, 1984 (repealed) (now the Companies Act, 2017)
having its registered office at
A-801 – 804 Lakson Square Building No. 3,
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Karachi

PETITIONER NO. 1

2. NADEEM TEXTILE MILLS LIMITED,
a public company limited by shares, incorporated
under the provisions of Companies
Ordinance, 1984 (repealed) (Now the Companies Act, 2017)
having its registered office at
A-801 – 804 Lakson Square Building No. 3,
Block – A, Sarwar Shaheed Road,
Karachi

PETITIONER NO. 2

**PETITION UNDER SECTION 279 TO 282 READ WITH
SECTIONS 285 OF THE COMPANIES ACT 2017**

The Petitioners above-named respectfully submit as follows:

1. That the object of this Petition is to *inter-alia* obtain sanction of this Hon'ble Court to the Scheme of Arrangement for Amalgamation/merger of Petitioner No. 1 into Petitioner No. 2, whereby the entire undertaking and business inclusive of all assets, properties, rights, liabilities and dues of Petitioner No. 1 as more particularly described in the Scheme of Arrangement (Annexure A), will be transferred to and assumed by Petitioner No. 2. The Petitioner No. 2 will continue and Petitioner No. 1 will dissolve without winding up upon the sanction of amalgamation/merger.

True copy of Scheme of Arrangement/Merger is
attached as Annexure – A.

2. **BACKGROUND INFORMATION OF PETITIONERS**

2.1 Nadeem Power Generation (Private) Limited



FIVE RUPEES

PAKISTAN
COURT FEE

The Petitioner No. 1 or Nadeem Power Generation (Private) Limited (NPGPL) is a private limited company incorporated in Pakistan on August 10, 1994 originally in the name of Shadman Superpower Generation (Private) Limited under the Companies Ordinance, 1984 (repealed) (now The Companies' Act 2017) and subsequently the said name was changed to Nadeem Power Generation (Private) Limited on November 01, 1994 having its registered office at 601-603, Commerce Centre, Hasrat Mohani Road, Karachi, Sindh. The authorised capital of Nadeem Power Generation (Private) Limited is Rs. 30,000,000/- divided into 3,000,000 ordinary shares of Rs. 10/- each out of which 373,250 shares are issued as fully paid up;

- 2.2 The Petitioner No. 1 /NPGPL is engaged in power generation and electric power supply to Petitioner No. 2/Nadeem Textile Mills Limited or NTML. The power generation facility of NPGPL is installed at the premises of Petitioner No. 2 / NTML, Kotri Unit. Its total power generation is of about three megawatts, generated by NPGPL and is fully consumed by NTML.

The copies of certificate of Incorporation dated August 10, 1994 and certificate of Incorporation on change of name dated November 13, 1994 are Annexed as Annexure "B" and "C".

2.3 *Nadeem Textile Mills Limited*

The Petitioner No. 2 or Nadeem Textile Mills Limited (NTML) is a public limited company incorporated in Pakistan on July 15, 1984 under the Companies Ordinance, 1984 (repealed) (now The Companies' Act 2017) and listed on Pakistan Stock Exchange Limited having its registered office at A-801-804, 8th Floor, Lakson Square Building No. 3, Block-A, Sarwar Shaheed Road, Karachi, Sindh. The authorised capital of Nadeem Textile Mills Limited is Rs.300,000,000/- divided into 30,000,000/-ordinary shares of Rs. 10/- each out of which 21,511,985 shares are issued as fully paid up;

- 2.4 Nadeem Textile is engaged in manufacturing and sale of yarn. It has two units located at SITE Kotri and SITE Nooriabad.

The copies of certificate of Incorporation dated July 15, 1984 is Annexed as Annexure "D".

2.5 **BOARD OF DIRECTORS OF THE PETITIONERS:**

The Board of Directors of the Petitioner No. 1 /NPGPL and the Petitioner No. 2 / NTML comprises of the following:

Nadeem
National Power Generation (Private) Limited:

| S.No. | Name | Designation |
|-------|----------------------|-----------------|
| 1 | Mr. Zahid Mazhar | Chief Executive |
| 2 | Mr. Omer Bin Zahid | Director |
| 3 | Mr. Hassan Bin Zahid | Director |



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True copy of Form-A of the Petitioner No. 1 is annexed herewith as Annexure "E".

Nadeem

National Textile Mills Limited:

| S.No. | Name | Designation |
|-------|---------------------------|------------------------|
| 1 | Mrs. Naila Zahid | Chairperson |
| 2 | Mr. Zahid Mazhar | Chief Executive |
| 3 | Mr. Omer Bin Zahid | Executive Director |
| 4 | Mr. Hassan Bin Zahid | Executive Director |
| 5 | Mrs. Anam Omer | Non-Executive Director |
| 6 | Mrs. Shafia Hassan | Non-Executive Director |
| 7 | Mr. Waqar Hassan Siddiqui | Independent Director |
| 8 | Mr. Nadeem Ahmed | Independent Director |
| 9 | Mr. Noor Muhammad | Independent Director |

True copy of Form-A of the Petitioner No. 2 is annexed herewith as Annexure "F".

After merger all the existing directors of the Petitioner No. 2 / NTML will continue to be directors of the merged Company.

3. That the object of the Petitioner No. 1/NPGPL and its business description as set-forth in its Memorandum and Articles of Association as under:

"To set up and operate Electric Power Generating Projects for generating and supply; of Electric Power and to carry out the construction and manufacture of hydroelectric, thermal gas and thermal energy projects such as solar energy, bio-thermal energy and to construct, establish and fix necessary power stations cables, wires, lines and works to generate, distribute and supply electricity and to light industries, cities, towns, buildings and places both public and private cities, towns, streets, docks, markets, theatres, buildings and for all other purposes."

True copy of Memorandum of Association and Articles of Association of Petitioner No. 1 is annexed herewith as Annexure "G"

4. That the objects of the Petitioner No. 2 / NTML and the business description to be undertaken by it are set-forth in its Memorandum and Articles of Association as under:

"To own, establish, manage and run spinning and weaving mills, dying, bleaching, calendaring, finishing, mercerizing and printing mills, other works and factories for the manufacture of cotton, silk, nylon, polyester rayon and woollen yarn and fabrics, hosiery and spooling fibrous and synthetic materials and their products and bye-products thereof, and generally to carry on the business as manufacturers, producers, Importers, stockiest and otherwise"



dealers in yarn, cloth and hosiery of all and every description and allied articles."

"To acquire or undertake the whole or any part of the business, goodwill and assets of any person, firm or Company carrying on, proposing to carry on any of the business which this Company is authorized to carry on, or any business or transaction capable of being conducted or which may conveniently be conducted so as directly or indirectly to benefit the Company and as part of the consideration of such acquisition, to undertake all or any of the liabilities of such person, firm or company or to acquire an interest in, amalgamate with or to enter into any arrangement for sharing profits or for cooperation or for limiting competition or for mutual assistance with any such person, firm or company and to give or accept by way of consideration for any of the things aforesaid or for property acquired, any cash, shares debentures or securities that may be agree upon and to hold, retain or to sell, mortgage or deal with any cash shares, debentures or securities so received."

True Copy of Memorandum of Association and Articles of Association of Petitioner No. 2 are filed herewith as Annexure "H".

5. BENEFITS OF MERGER/AMALGAMATION

(i) Rationalize Business

The merger/ amalgamation of NPGPL with and into Nadeem Textile will rationalize the inter-dependent business structure, combine the assets of the two companies and their members into a single merged entity.

(ii) Reduction in cost of Doing Business

Reduction in cost of doing business, cutting down the reporting requirements, effective tax management, leading to improved operational efficiency and better profitability in future.

(iii) Better Management

The key managers/ staff of merging companies would be pooled together to form a superior and competitive management to govern the newly merged organization.

(iv) Regulatory Requirements

It would be much easy and convenient for the merged entity to fulfill the reduced mandatory requirement of one entity in place of two entities of various agencies of Government, Securities and Exchange Commission of Pakistan, Inland Revenue, etc. This would save substantial time and resources to be applied for overall efficiency of the merged Company

5.1 Single Board and Rationalization of Secretarial Cost



- a. Only one board of directors would be required to manage the affairs of Company. One secretary, one internal auditor, one chief financial officer and one share registrar will be required for surviving company.
- b. Only one Annual General Meeting will be required to be held and one set of annual/ half and quarterly accounts will be required to publish and circulated by the company.
- c. Only one share registrar, one register of shareholders and one set of books and records will be required to be maintained.
- d. Only one external auditor will be required to perform the statutory function.

5.2 Common Department

There would be common departments e.g. finance, accounting and human resource managing the merged company that will help eliminating repetitive functions being performed under separate entities.

5.3 Broader Capital Base

Merger will result in broadening the assets base of the company, which will result in better chances of profitability and growth of the merged companies.

5.4 Better Financial Management

The amalgamation will lead to increase in asset base of company and more efficient working capital management. The large size of equity will provide greater comfort to potential creditors.

5.5 Income Tax Implication

The tax assessment of the merged entity would also save the tax consultancy fee charge and other government charges being borne by the two companies individually.



PROPOSED MERGER OF PETITIONER NO. 1 INTO PETITIONER NO.2

- 6. That the Petitioner No. 1 and Petitioner No. 2 desire to merge by way of amalgamation/merger of Petitioner No. 1 into Petitioner No. 2.
- 7. The Petitioners Nos. 1 & 2 have agreed to merge, which has been duly approved along with "Scheme of Arrangement" by the respective Board of Directors of the Petitioners in their meetings held on 28 December 2021 and also the shareholders of both the Petitioners in their Extra Ordinary General meetings held on 24 January 2022.

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True copies of the Minutes of the Board of Directors Meetings held on December 28, 2021 and shareholders' Extraordinary General Meetings are filed herewith and marked as Annexures "I", "J", "K" and "L", respectively.

8. The Petitioner No. 1, subject to approval of Court shall be merged with and into the Petitioner No. 2 against which 3,251,008 shares of Rs. 10 each of Petitioner No. 2 shall be issued to the shareholders of the Petitioner No. 1. Based on a swap ration of 1:8.71 shares of the Petitioner No. 2 for every one share of the Petitioner No. 1. The Petitioner No. 2 has notified the Pakistan Stock Exchange about the proposed merger and the scheme of merger/amalgamation by its letter dated 28 December 2021 being material disclosure in accordance with Section 96 and 131 of the Securities Act 2015 and Clause 5.9.13(c) of the Rule Book of Pakistan Stock Exchange Limited (PSX). The PSX by its letter dated 28 January 2022 to the Petitioner No. 2 pursuant to the approval of the shareholders of NTML, in its EOGM on 24 January 2022, of the merger of Petitioner No. 1 into and with Petitioner No. 2 under the Scheme of Amalgamation/merger, allowed the merger subject to submission of the documents listed therein.

A copy of the SWAP ratio calculation issued by Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants, dated December 27, 2021 is attached herewith as Annexure "M". A copy of the material disclosure by the Petitioner No. 2 to PSX by its letter dated December 28, 2021 is attached herewith as Annexure "N". A copy of the PSX letter dated 28 January 2022 is attached herewith as Annexure "NI".



The Petitioner No. 1 / NPGPL has invested Rs.144,180,000 in share capital of Petitioner No. 2 / NTML by subscribing 3,604,500 ordinary shares of Rs.10/- each at Rs.40/- per share i.e., at a premium of Rs.30/- per share. Upon merger of NPGPL with and into NTML the paid-up capital of NTML will be reduced to the extent of Rs.36,045,000/- divided into 3,604,500 ordinary shares of Rs.10/- each.

True copy of the audited financial statements of NPGPL for the year ended June 30, 2021 is filed herewith as Annexure "O".

10. That the Petitioners hereby submit true copies of the Audited Accounts of Petitioner No.1 and Petitioner No. 2 as of June 30, 2021.
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True copies of the audited accounts of Petitioners No. 1 & 2 as of June 30, 2021 are filed herewith as Annexures "O" & "P", respectively.

- 11. The Scheme of Amalgamation/Merger, *Annexure "A"* hereto gives full particulars as to the benefits of amalgamation/merger, the purpose for amalgamation/merger, the details of the undertaking and business that will be transferred, the consequences of the amalgamation/merger, the effective date of amalgamation/merger, consideration and related matters, the effect on employees of Petitioner No. 1 & Petitioner No. 2 and general provisions. It is humbly submitted that the Scheme of Arrangement be treated as part of the petition as though the entire Scheme of Arrangement forms an integral part of this paragraph.

The copy of Scheme of amalgamation/ merger of the Petitioner No. 1 / NPGPL with and into the Petitioner No. 2 / NTML is filed herewith as Annexure "A".

- 12. The Petitioner No. 1 has taken no finance facility from any institution except obtaining a Bank Guarantee/RILC No. SB-640 dated 30-09-2003 of Rs. 27,621,090/- from Soneri Bank Limited, in favour of Sui Southern Gas Company Limited against monthly gas bills. A charge of Rs. 50 Million over assets of Petitioner No. 1 has been created in favour of Soneri Bank Limited. The Petitioner No. 2 has obtained finance facilities from various financial institutions, who have been notified by the Petitioner No. 2 / NTML of the above bank guarantee of the Petitioner No. 1 against a charge of Rs. 50 Million over its assets and the Petitioner No. 2 / NTML has also sought NOC from the financial institutions for the merger of NPGPL with and into NTML by its letters dated 6 January 2022 to:

- (a) JS Bank Limited, (b) Bank Al Falah Limited, (c) Soneri Bank Limited, (d) Samba Bank Limited, (e) Habib Metropolitan Bank Limited, (f) Habib Bank Limited, (g) Soneri Bank Limited, and (h) Askari Bank Limited.

True Copies of the Petitioner No. 2's letters to the aforesaid banks dated 6 January 2022 are attached herewith as Annexure "Q" to "X".

- 13. That after the amalgamation/ merger of the Petitioner No. 1 with and into the Petitioner No. 2. The capital and equity structure of the Petitioner No.



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2 will be as per the following table in comparison with its previous structure before the amalgamation / merger.

| Description | No. of shares of Rs.10/- each | Amount (Rs.) |
|---|-------------------------------|--------------|
| Issued, subscribed and paid up capital of Petitioner No.2 before Merger | 21,511,985 | 215,119,850 |
| Issuance of shares to shareholders of Petitioner No.1 | 3,251,008 | 32,510,080 |
| Reduction of share capital of Petitioner No.2 in lieu of investment of Petitioner No.1 in Petitioner No.2 | (3,604,500) | (36,045,000) |
| Net of Petitioner No.2 after Merger | 21,158,493 | 211,584,930 |

14. That the Petitioner No. 1 and 2 have notified the Securities and Exchange Commission of Pakistan by filing of Form 26 dated 02 February 2022 and Form 26 dated 01 February 2022 (along with special resolutions and requisite challans), respectively, of passing of the special resolution approving the merger of the Petitioner No. 1 with and into the Petitioner No. 2, in their respective EOGMs both dated 24 January 2022. The SECP in acknowledgement of the filing of Form 26 by the Petitioner No. 1, by its email dated 7 February 2022 required the Petitioner No. 1 to file the Court Order of approval of the Scheme for completion of submission of Form 26. Similarly, the SECP in acknowledgement of the filing of Form 26 by the Petitioner No. 2, by its email dated 16 February 2022 to the Petitioner No. 2 required the Petitioner No. 2 to file the Court Order of approval of the Scheme for completion of submission of Form 26.



True copies of the Form 26 dated 02/022022, special resolution of Petitioner No. 1, paid challan of Petitioner No. 1, Form 26 dated 01/022022, special resolution of Petitioner No. 2, paid challan of Petitioner No. 2, in respect of the Petitioner No. 1, SECP email of 7 February 2022 being acknowledgement of filing Form 26 and letter dated 7 February 2022, in respect of the Petitioner No. 2, SECP email of 16 February 2022 being acknowledgement of filing Form 26 and letter dated 16 February 2022 are attached herewith as Annexure "Y", "Z", "AA", "BB", "CC", "DD", "EE", "FF", "GG" and "HH", respectively.

15. That as per Annexures I and J, Board Resolutions of the Petitioners above:

- (a) Mr. Zahid Mazhar CEO of the Petitioners and / or Mr. Abdul Amin Company Secretary of the Petitioners are duly authorized to sign and execute this Petition and all related documents on behalf of the Petitioner No. 1 and 2.

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PRAYER

16. It is respectfully prayed that this Hon'ble Court may be pleased to pass the following orders:

1. "An order under section 279(2) of the Companies Act, 2017, sanctioning the Scheme, so as to make the Scheme binding on the Petitioners and their respective members and creditors as well as all other persons;"
2. "An order under section 282(3)(a) of the Companies Act, 2017 transferring to and vesting in the Petitioner No. 2/NTML, the whole undertaking of the Petitioner No. 1/NPGPL along with all its respective properties, assets, rights, liabilities, encumbrances and obligations of every description as more particularly described in the Scheme as of the Effective Date as mentioned in the Scheme being 1 July 2022 or any extension thereof.
3. "An order under section 282(3)(b) of the Companies Act, 2017 directing Petitioner No. 2/NTML to allot 3,251,008 shares of par value of Rs. 10/- each for every 1 share held by the shareholders of the Petitioner No. 1/NPGPL in terms of Article 8 of the Scheme"
4. "An order under section 282(3)(c) of the Companies Act, 2017 directing that any and all legal proceedings pending by or against the Petitioner No.1/NPGPL shall, as of the Effective Date, continue by or against the Petitioner No. 2/NTML"
5. "An order under section 282(3)(d) of the Companies Act, 2017, directing that immediately after the transfer of the Petitioner No. 1/NPGPL assets to the Petitioner No. 2/NTML and the amalgamation of the Petitioner No. 1/NPGPL with and into the Petitioner No. 2/NTML, the Petitioner No.1/NPGPL shall without any further act or deed stand dissolved without winding up and its name shall be struck off the register of companies at the Securities and Exchange Commission of Pakistan"
6. "An order to reduce the paid-up capital of the Petitioner No. 2/NTML by Rs.36,045,000/- divided into 3,604,500 ordinary shares of Rs.10/- each."

Any other relief that the Hon'ble Court may deem fit in the case.

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Zahid Mazhar
 ZAHID MAZHAR
 CHIEF EXECUTIVE
 OFFICER
 PETITIONER NO. 1



Zahid Mazhar
 ZAHID MAZHAR
 CHIEF EXECUTIVE
 OFFICER
 PETITIONER NO. 2

Saleem Uz Zaman
 ADVOCATE FOR THE
 PETITIONERS

KARACHI:
 DATED: _____, 2022

VERIFICATION

I, Mr. Zahid Mazhar s/o Mazhar Hussain CEO of the Petitioners, Muslim, adult, resident of Karachi, the duly authorized representative of Petitioners No. 1 & 2, respectively, do hereby declared on solemn affirmation and verify on oath at Karachi this 20 day of Feb, 2022 that the facts stated hereinabove are true and correct to the best of my knowledge, belief and information derived from the record and the legal and averments are true and to advice received from my counsel which is verily believed to be true.

Zahid Mazhar
 DEPONENT

Zahid Mazhar



Assistant Registrar
 Affidavit & Identity (A.S.I.)
 High Court of Sindh
 (Karachi)

The Deponent above - named is identified by me the commissioner for taking affidavits.

Saleem Uz Zaman
 ADVOCATE

Solemnly affirmed before me on oath at Karachi, this _____ day of _____ 2022 by the Deponent above-named, who is identified by Mr. Saleem uz Zaman, Advocate, who is personally known to me.

(CNIC IS BLOCKED / SUSPECTED DOUBLE CARD)
 (THUMB IMPRESSION NOT MATCHED)
 The Deponent abovenamed is identified
 By me as I personally know him / her

Adv. Signature: *Saleem Uz Zaman*
 Adv. Name: SALEEM UZ ZAMAN
 Advocate Ledger No: 6427/HC/KARACHI

COMMISSIONER FOR TAKING
 AFFIDAVITS

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DOCUMENTS

Annexures- 'A' to 'HH'

DOCUMENTS RELIED UPON.

Related correspondence and all relevant documents

ADDRESS OF THE PETITIONERS

As given the title page.

ADVOCATE FOR THE PETITIONERS
SALEEM UZ ZAMAN
ADDRESS FOR SERVICES OF THE COUNSEL FOR THE
PETITIONERS
F-52/2 Block-7 Clifton Karachi.

ADVOCATE FOR THE PETITIONERS



KARACHI:
DATED: 25/3/2022

THE HIGH COURT OF SINDH, KARACHI
CERTIFIED TO BE TRUE COPY

(MUHAMMAD SARFARAZ)
I/C: ASSISTANT REGISTRAR (COPYING)

COPY APPLIED FOR ON 21-12-2022
FEES ESTIMATED ON 20-12-2022
ESTIMATED FEES DEPOSITED ON _____
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STAMP SUPPLIED ON _____
COPY DELIVERED ON _____

URGENT/NORMAL FEES: PAGE: 11 RS: _____
COPYING FEES: PAGE: _____ RS: 55/-
COMPARING FEES PAGE: _____ RS: 10/-
03-01-2023
TOTAL: RS: 55/-

COMPARING BY/
OFFICE ASSOCIATE

(MUHAMMAD SARFARAZ)
I/C: ASSISTANT REGISTRAR (COPYING)

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2094/2022

W/M

Presented on

01/03/2022

Signature

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

J. MISC PETITION NO. 01 OF 2022

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PETITIONER NO. 1

2. NADEEM TEXTILE MILLS LIMITED, a public company limited by shares, incorporated under the provisions of Companies Ordinance, 1984 (repealed) (Now the Companies Act, 2017) having its registered office at A-801 – 804 Lakson Square Building No. 3, Block – A, Sarwar Shaheed Road, Karachi

PETITIONER NO. 2

PETITION UNDER SECTION 279 TO 282 READ WITH SECTIONS 285 OF THE COMPANIES ACT 2017



6/23/22
Presented On
Assistant Registrar (Execution Branch)

IN THE HIGH COURT OF SINDH AT KARACHI

JCM No. 1 of 2022

1. Nadeem Power Generation (Private) Ltd Petitioner No. 1

2. Nadeem Textile Mills Limited Petitioner No. 2

0393/2

STATEMENT

It is respectfully submitted on behalf of the Petitioners above named, supporting affidavits of the Petitioners attached herewith, that pursuant to the Petitioners' Response to the SECP Comments to the Petition, which are on record, and pursuant to the Hon'ble High Court's order dated 14 November 2022, the Scheme has been revised/amended as follows:

1. The current address of the Petitioner No. 1 has been mentioned under heading Nadeem Power Generation (Private) Limited, as pointed out by SECP in its comments, on page 5 of the Scheme;
2. The clause 8 of the Scheme has been revised pursuant to calculation of the swap ratio by the method advised by SECP, the new Swap ratio calculation is attached as Annexure A to the Scheme;
3. The clause 9 of the Scheme has been revised to add clause "1a" in the Object clause of the Memorandum of Association of the Petitioner No. 2, which is the main object clause of the Petitioner No. 1, to reconcile the main Object clause of the Petitioner No. 1 with and into the Petitioner No. 2 and to change the authorised capital clause of the Petitioner No. 2 in the Memorandum and Articles of Association of the Petitioner No. 2, to reflect that the Authorised Capital of the merged Nadeem Textile Mills Limited is Rs. 330,000,000 divided into 33,000,000 ordinary shares of Rs. 10 each;



[Handwritten signature]

4. In the Prayer Clause of the Scheme paragraph 4 and 8 are added to seek orders, respectively, for (i) approval of merged Memorandum of Association of the Petitioner No. 2 and (ii) to approve the increase of authorised capital of the Petitioner No. 2 by Rs. 30,000,000 divided into 3,000,000 ordinary shares of Rs. 10 each.

A copy of the Scheme (amended as above) - along with revised Swap ratio dated June 01, 2022 (Annexure A to the Scheme) replacing the swap ratio dated December 27, 2021, and merged Memorandum and Articles of Association (Annexure D to the Scheme) - is attached herewith as Annexure A.


Advocate for the Petitioners

Karachi: 22 November 2022



"A"

UNDER SECTIONS 279 TO 282 OF
THE COMPANIES ACT, 2017
SCHEME OF COMPROMISES, ARRANGEMENT AND
RECONSTRUCTION

FOR

AMALGAMATION / MERGER

OF

NADEEM POWER GENERATION (PRIVATE) LIMITED

WITH AND INTO

NADEEM TEXTILE MILLS LIMITED

AND



THEIR RESPECTIVE MEMBERS

**SCHEME OF COMPROMISES, ARRANGEMENT AND RECONSTRUCTION (THE
"SCHEME") UNDER SECTION 279 TO 282 OF THE COMPANIES ACT, 2017 FOR
MERGER/AMALGAMATION OF NADEEM POWER GENERATION (PRIVATE)
LIMITED WITH AND INTO NADEEM TEXTILE MILLS LIMITED
AND THEIR RESPECTIVE MEMBERS**

A. PRELIMINARY

1. DEFINITIONS

In this Scheme, unless the subject or context otherwise requires, the following expressions bear the meanings specified below:

- "Act"** means 'The Companies Act, 2017' and amendments thereof;
- "Assets"** means all assets related to and used for power generation by Nadeem Power Generation (Private) Limited (whether tangible or intangible), properties (whether movable or immovable), rights, titles, privileges, powers, licenses, permissions, claims, and interests, including but not limited to:
- i. all rights, title and interest (whether freehold, leasehold, or otherwise) in or to immovable properties, including to buildings, offices and structures;
 - ii. all plant, machinery, equipment, furniture, fixtures, computer hardware and software, software applications and licenses, motor vehicles, office equipment, appliances, accessories, spare parts and tools;
 - iii. all data, information, records, instruments, documents of title, market statistics, marketing surveys, and report, marketing research, advertising or other promotional material and information, accounting and financial data, whether physically or digitally stored on or in any medium;
 - iv. all claims, choses-in-action, receivables, trade debts, credit notes, promissory notes, and other debts or sums due, owing, accrued or payable (whether or not invoiced and whether or not immediately due or payable), advances, deposits, prepayments and all receivables, investments, cash in hand or at bank, bank balances, goodwill, revaluation surplus, share premium account, capital and revenue reserves;
 - v. all equity, stocks, debentures, bonds, debts (and all dividend, repayment, voting, preferential and other rights associated therewith), rights under futures, options and other derivative contracts, commodities, foreign exchange and negotiable instruments;



- vi. all benefits and rights under contract or deed including rights under or relating to contracts or deeds of employment, consultancy, loans, financial facilities, sale or transfer of property, insurance, franchise, distribution, trusts, indemnity, guarantee, warranty, performance, letters of credit, secrecy and non-disclosure, and including any rights and benefits under contracts and agreements already determined in the form of continuing benefits and rights, compensation, damages, rights to adjudication and choses-in-action, and the Contracts;
- vii. all rights and benefits under claims, petitions, suits, applications, references, revisions, and appeals filed or pending before any court, authority, tribunal, official, regulatory officer or body;
- viii. all intellectual property rights, whether registered or not, including trade mark, copyrights, patents, designs, trade secrets, technical data, processes and know-how, confidential information, results of research and development work, whether physically or digitally stored on or in any medium;
- ix. all connections, equipment, installations and facilities pertaining to telecommunications, water, gas, electricity, sewerage or other utilities, and all licenses, permits and grants related thereto;
- x. all regulatory and governmental rights, titles, permissions, permits, grants concessions, privileges, sanctions, approvals, licenses, registrations and no-objection certificates;
- xi. without prejudice to the generality of the foregoing it shall expressly include the immovable properties listed in Schedule "A";

"Contracts"

means all the contracts, deeds, share certificates, bonds, documents, correspondence, records, agreements, and instruments of any nature of the Company respectively and expressly (without limitation);

"Completion Date"

means the date on which this Scheme (once sanctioned and approved by the Court) is lodged with the Registrar of the Securities and Exchange Commission of Pakistan;

"Court"

means the court having jurisdiction for the time being in connection with this Scheme under section 279 to 283 and 285 of the Act;

"Effective Date"

means the start of business on 1st day of July, 2022 or another date as approved by the Court;



"Liabilities"

means all liabilities, duties and obligations of every kind, actual or contingent, whether arising from or payable under any contract, agreement, deed, bond, statute or law, and all liens, charges (floating and fixed), pledges, hypothecations, assignments, securities, mortgages (legal and equitable), interests and claims of whatever nature, and it includes, without limitation, the Securities;

"NPGPL"

means Nadeem Power Generation (Private) Limited, a private limited company incorporated in Pakistan on August 10, 1994 in the name of Shadman Superpower Generation (Private) Limited under the Companies Ordinance, 1984 (repealed) (now The Companies' Act 2017) and subsequently the name was changed to Nadeem Power Generation (Private) Limited on November 01, 1994 having its registered office at 601-603, Commerce Centre, Hasrat Mohani Road, Karachi, Sindh.

**"Security" or
"Securities"**

means interest, right or title in and to any and all mortgage, or charges (whether legal or equitable), debentures, bills 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;

"Tax"

means all present and future taxes, duties and levies of any kind, including income tax, sales tax, stamp duties, Octroi, customs or excise duty, registration charges, levies, deductions, imposts, and any other charges and withholdings whatsoever, together with any interest, mark-up or penalties payable in connection with any failure to pay or delay in paying any of the above; and

**"Nadeem Textile"
and NTML**

means Nadeem Textile Mills Limited, a public limited company incorporated in Pakistan on July 15, 1984 under the Companies Ordinance, 1984 (repealed) (now The Companies' Act 2017) and listed on Pakistan Stock Exchange Limited having its registered office at A-801-804, 8th Floor, Lakson Square Building No. 3, Block-A, Sarwar Shaheed Road, Karachi, Sindh.

"Scheme"

means this Scheme of Arrangement in its present form with any modification thereof or addition thereto sanctioned by the Court;

The headings and marginal notes are inserted for convenience and shall not affect the construction of this Scheme.

CAPITAL AND BUSINESS

Nadeem Textile Mills Limited

Nadeem Textile Mills Limited is a public limited company incorporated in Pakistan on July 15, 1984 under the Companies Ordinance, 1984 (repealed) (now The Companies' Act 2017) and listed on Pakistan Stock Exchange Limited having its registered office at A-801-804, 8th Floor, Lakson Square Building No. 3, Block-A, Sarwar Shaheed Road, Karachi, Sindh. The authorised capital of Nadeem Textile Mills Limited is Rs.300,000,000/- divided into 30,000,000/- ordinary shares of Rs. 10/- each out of which 21,511,985 shares are issued as fully paid up;

Nadeem Textile is engaged in manufacturing and sale of yarn. It has two units located at SITE Kotri and SITE Nooriabad.

Nadeem Power Generation (Private) Limited

Nadeem Power Generation (Private) Limited is a private limited company incorporated in Pakistan on August 10, 1994 originally in the name of Shadman Superpower Generation (Private) Limited under the Companies Ordinance, 1984 (repealed) (now The Companies' Act 2017) and subsequently the said name was changed to Nadeem Power Generation (Private) Limited on November 01, 1994 having its registered office at A-801-804, 8th Floor, Lakson Square Building No. 3, Block-A, Sarwar Shaheed Road, Karachi, Sindh The authorised capital of Nadeem Power Generation (Private) Limited is Rs. 30,000,000/- divided into 3,000,000 ordinary shares of Rs. 10/- each out of which 373,250 shares are issued as fully paid up;

NPGPL is engaged in power generation and supply to Nadeem Textile Mills Limited. The power generation facility of NPGPL is installed at the premises of Nadeem Textile Mills Limited, Kotri Unit. Its total power generation is of about three megawatts, generated by NPGPL and is fully consumed by Nadeem Textile.

3. BOARD OF DIRECTORS

The Board of Directors of the Nadeem Textile and NPGPL comprises of the following:

Nadeem Textile:

| S.No. | Name | Designation |
|-------|---------------------------|------------------------|
| 1 | Mrs. Naila Zahid | Chairperson |
| 2 | Mr. Zahid Mazhar | Chief Executive |
| 3 | Mr. Omer Bin Zahid | Executive Director |
| 4 | Mr. Hassan Bin Zahid | Executive Director |
| 5 | Mrs. Anam Omer | Non-Executive Director |
| 6 | Mrs. Shafia Hassan | Non-Executive Director |
| 7 | Mr. Waqar Hassan Siddiqui | Independent Director |
| 8 | Mr. Nadeem Ahmed | Independent Director |
| 9 | Mr. Noor Muhammad | Independent Director |

NPGPL:

| S.No. | Name | Designation |
|-------|----------------------|-----------------|
| 1 | Mr. Zahid Mazhar | Chief Executive |
| 2 | Mr. Omer Bin Zahid | Director |
| 3 | Mr. Hassan Bin Zahid | Director |

After merger all the existing directors of Nadeem Textile will continue to be directors of the merged Company.



B. THE SCHEME

4. OBJECT OF THE SCHEME

- 4.1. The principal object of this scheme is to give effect to the amalgamation of NPGPL with and into Nadeem Textile Mills Limited and consequential transfer of the entire undertaking of NPGPL and all its Assets and Liabilities to Nadeem Textile, in exchange for the issuance of ordinary shares of Nadeem Textile to the shareholders of NPGPL, in accordance with Article 10 hereunder, resulting in the dissolution without winding up of NPGPL.
- 4.2. It is hereby clarified that although all of the above steps will take place on the same date, the same shall be deemed to be effective as of the Effective Date.

5. TRANSFER OF ASSETS & LIABILITIES

- 5.1. From the Effective Date all the Assets of NPGPL shall be transferred to and be vested in (or be deemed to be transferred to and vested in, as the case may be) Nadeem Textile.
- 5.2. On the Effective Date, without any further act or deed, all Liabilities of NPGPL and all Liabilities in relation to its respective Assets shall be transferred to and deemed to have been created by Nadeem Textile as of that day.
- 5.3. The Undertaking of NPGPL as at the effective date shall, without any further act, instrument or deed, be and the same shall stand transferred to and be vested or deemed to have been transferred to or vested in Nadeem Textile as from the commencement of business on 01 July 2022.
- 5.4. All transfer / vesting shall be subject to the existing charges/ mortgages/ hypothecation, if any. There are, however, no charges/mortgages/hypothecation registered on the assets of NPGPL.
- 5.5. Such of the assets of NPGPL which are moveable in nature or are capable of transfer by manual / physical delivery or by endorsement and delivery, the same upon sanction of scheme by the Court shall stand transferred and shall become property of the Nadeem Textile as its integral part. All the bodies, department and concerned institutions / companies wherever required shall record the transfer the assets without any further act or deed by the Nadeem Textile.
- 5.6. All the immovable assets and properties and other rights, connections etc., of NPGPL shall stand transferred in the name of Nadeem Textile on the effective date and all the bodies, institutions, companies and concerned Government departments and functionaries shall record the effect the transfer of assets, rights, privileges and status in the name of Nadeem Textile without any act or deed and without payment of any amount whatsoever.
- 5.7. All the liabilities of NPGPL as at the effective date shall, without any further act, deed or instrument be and shall be transferred and vested in Nadeem Textile so as to become as and from the effective date the debts, liabilities and obligations of Nadeem Textile.
- 5.8. Without prejudice to the generality of the above, the transfer to and vesting in Nadeem Textile the business and undertaking of NPGPL in accordance with this Scheme shall include the followings:



- i) All the liabilities and obligations of NPGPL, howsoever arising, and after the amalgamation is accomplished, Nadeem Textile will discharge all such outstanding liabilities and obligations in due course as if they were originally the liabilities and obligations of Nadeem Textile instead of NPGPL.
- ii) All the assets of NPGPL under this Scheme shall be transferred to Nadeem Textile. This shall include properties of all kinds, moveable or immovable, tangible or intangible, leasehold property, actionable claims, stocks, receivables and book debts, advances, deposits, prepayments, investments, cash and bank balances. However, the transfer and vesting of assets shall be subject to any specific mortgages or charges created over these assets before the merger in favour of the creditors. There are, however, no charges /mortgages/hypothecation registered on the assets of NPGPL.
- iii) All the legal proceedings instituted, causes, suits, appeals, petitions. Are there any case in litigation revisions or other judicial, quasi-judicial and/or administrative proceedings of whatever nature by or against NPGPL which will be pending on the effective date in or before any Court, Tribunal, Forum, Commission or any other Authority will be continued, prosecuted and enforced by or against Nadeem Textile as if this Scheme had not been made, and the same shall not abate, be discontinued or be in any way prejudiced or affected by the provisions of this Scheme. Thereafter, upon completion date, such legal proceedings shall stand transferred to Nadeem Textile.
- iv) All the banking, whether current, deposit, investment of all natures, saving or others and other accounts maintained in the name of NPGPL will stand transferred to Nadeem Textile;
- v) All the utility licenses, connections, meters, and other facilities for electricity, gas, water, telecommunications and others allowed, licensed or provided by any Government agency (including HESCO, SITE, Kotri, and Sui Southern Gas Company Limited) or other agency to the NPGPL with the respective benefits (including the deposits and prepayments, Government approvals, (if any) shall stand transferred without any additional charges to the Nadeem Textile. The security deposits and any other cost paid by NPGPL against any of these and other existing facilities shall remain unchanged and the change of name shall be made by the above entities/ institutions without any additional fee, charges or costs whatsoever and without any delay.
- vi) All the registrations, rights, powers, licenses, permits, sanctions, permissions, privileges of the NPGPL shall be transferred in terms of the scheme to Nadeem Textile;
- vii) All the titles of land and other immovable property registered in the name of the NPGPL shall be transferred in terms of the scheme to the name of Nadeem Textile;
- viii) All the rights in respect of trade mark, patents, copy rights and other rights and obligations in respect thereof of NPGPL shall be transferred in terms of the scheme to Nadeem Textile;



- ix) All the contracts, agreements and other instruments executed by the NPGPL and subsisted in favor of the NPGPL and its right and obligations there under shall stand transferred to Nadeem Textile;
- x) All the employees holding employment contracts and obligations there under of the NPGPL shall stand transferred to the Nadeem Textile;
- xi) All the obligations including payment of any taxes, duties and rights in respect of any entitlements, refunds, tax losses (revenue, capital, depreciation or otherwise) tax credits from any assessment, deemed assessment, appeal, rectification or modification of assessment under the law in respect of NPGPL shall be taken over, transferred and vested in Nadeem Textile and be payable by it.

6. BENEFITS OF MERGER/AMALGAMATION

6.1 Rationalize Business

The merger/ amalgamation of NPGPL with and into Nadeem Textile will rationalize the inter-dependent business structure, combine the assets of the two companies and their members into a single merged entity.

6.2 Reduction in cost of Doing Business

Reduction in cost of doing business, cutting down the reporting requirements, effective tax management, leading to improved operational efficiency and better profitability in future.

6.3 Better Management

The key managers/ staff of merging companies would be pooled together to form a superior and competitive management to govern the newly merged organization.

6.4 Regulatory Requirements

It would be much easy and convenient for the merged entity to fulfill the reduced mandatory requirement of one entity in place of two entities of various agencies of Government, Securities and Exchange Commission of Pakistan, Inland Revenue, etc. This would save substantial time and resources to be applied for overall efficiency of the merged Company



6.5 Single Board and Rationalization of Secretarial Cost

Only one board of directors would be required to manage the affairs of Company. One secretary, one internal auditor, one chief financial officer and one share registrar will be required for surviving company.

Only one Annual General Meeting will be required to be held and one set of annual/ half and quarterly accounts will be required to publish and circulated by the company.

- c. Only one share registrar, one register of shareholders and one set of books and records will be required to be maintained.
- d. Only one external auditors will be required to perform the statutory function.

6.6 Common Department

There would be common departments e.g. finance, accounting and human resource managing the merged company that will help eliminating repetitive functions being performed under separate entities.

6.7 Broader Capital Base

Merger will result in broadening the assets base of the company, which will result in better chances of profitability and growth of the merged companies.

6.8 Better Financial Management

The amalgamation will lead to increase in asset base of company and more efficient working capital management. The large size of equity will provide greater comfort to potential creditors.

6.9 Income Tax Implication

The tax assessment of the merged entity would also save the tax consultancy fee charge and other government charges being borne by the two companies individually.

7. CONDUCT OF BUSINESS BY NPGPL TILL COMPLETION DATE:

7.1 The amalgamation/merger in accordance with this Scheme shall be treated as having taken effect from the Effective Date and as from that time and until the Completion Date when the NPGPL Undertaking is transferred to and vested in Nadeem Textile, NPGPL 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 Nadeem Textile and all the profits accruing to NPGPL or losses arising or incurred by them shall for all purposes be treated as the profits or losses of Nadeem Textile.

7.2 It is hereby undertaken by NPGPL to carry on their businesses until completion date with reasonable diligence, business prudence and shall not except, in the ordinary course of business or without the prior written consent of Nadeem Textile alienate, charge, mortgage, hypothecate, encumber or otherwise deal with or dispose of the respective undertakings of NPGPL or any part thereof.

8. CONSIDERATION

8.1 Upon the Scheme being effective in terms of its sanction by the Court, as consideration for the transfer to and vesting in Nadeem Textile of the undertaking and business of NPGPL, Nadeem Textile shall subject to the terms of this scheme and without any further application, deed or instrument, issue at par and allot 3,359,250 ordinary shares of Rs.10/- each as fully paid up shares to the registered members of NPGPL on the basis of swap ratio of 9 (Nine) share of Nadeem Textile for every one share of NPGPL. The new shares will be issued to those registered members of NPGPL whose names will appear on the register of members on the date to be fixed by the Board of Directors of Nadeem Textile for the purpose.

8.2 The swap ratio has been calculated on the basis of valuation of shares of both the companies (NPGPL and Nadeem Textile) by M/s Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants.



The swap ratio has been calculated considering both the valuation methodologies namely Discounted Cash Flow (DCF) and adjusted Net Assets Valuation (NAV) method DCF is used as the primary methodology while adjusted NAV is used as the secondary methodology based on the financial projections prepared by the management. A weightage of 75% has been assigned to DCF being the primary methodology and 25% to the adjusted NAV, being the secondary methodology to calculate the shares' swap ratio.

Normally (i) market value of shares, and (ii) dividend earning capacity of merging companies are also given considerations while working out swap ratio.

As Nadeem Textile is a listed company and NPGPL is an unlisted company, therefore, the method of market value of shares was not considered in calculating swap ratio, so as to compare the companies on equal grounds.

Similarly, the dividend earning capacity of merging companies was not considered as appropriate since NPGPL did not declare any dividend in recent years.

8.3 All members whose names shall appear in the register of member of NPGPL on such date after the Completion Date as the Board of Directors of Nadeem Textile may determine, shall surrender their share certificate for cancellation thereof to Nadeem Textile. In default, upon new shares being allotted and issued by Nadeem Textile to the members of NPGPL whose names shall appear on the respective register of members on such date, as aforesaid, the share certificate in relation to the shares held by them in NPGPL shall be deemed to have been duly cancelled. At least fourteen days' notice shall be given to the members of NPGPL of the date fixed by the directors of Nadeem Textile for determining the entitlements to ordinary shares of Nadeem Textile to be issued to the members of NPGPL. The members holding physical shares will deliver the share certificates to the company for cancellation and issue of shares of Nadeem Textile to them in physical form within 30 days from the reopening of Book Closure.

8.4 The new ordinary shares of Nadeem Textile issued pursuant to the Scheme shall rank *pari passu* with the existing ordinary shares of Nadeem Textile in all respects and shall be entitled to all dividends, bonus, right issues declared subsequent to the sanctioning of this Scheme.

8.5 Upon the allotment of the Ordinary shares of Nadeem Textile to the members of NPGPL in the manner aforesaid, all share certificates representing the ordinary shares of NPGPL shall stand cancelled.

8.6 While making allotment of new shares, the fractional allotments of above or equal to 0.5 shares shall be rounded up to one share and below 0.5 shall be ignored.

9. MERGER OF AUTHORIZED CAPITAL OF NPGPL AND NADEEM TEXTILE AND RECONCILIATION OF MEMORANDUM OF ASSOCIATION OF NPGPL WITH NTML THE SURVIVING ENTITY

9.1 The authorized share capital of NPGPL shall stand merged with the authorized share capital of Nadeem Textile. The authorized capital of Rs. 3 million of NPGPL and Rs.300 million of Nadeem Textile will be consolidated and merged and the authorized capital of Nadeem Textile will stand at Rs. 330 million divided into 33 million ordinary shares of Rs.10/- each without any payment of additional fee.

9.2 A new clause 1a has been added in the Memorandum of Association of NTML, this clause was the main object clause of NPGPL, to reconcile the main object of NPGPL with NTML (the surviving entity), this clause reads as under:

- 1a. To set up and operate Electric Power Generating Projects for generating and supply; of Electric Power and to carry out the construction and manufacture of hydroelectric, thermal gas and thermal energy projects such as solar energy, bio-thermal energy and to construct, establish and fix necessary power stations, cables, wires, lines and works to generate, distribute and supply electricity and to light industries, cities, towns, buildings and places both public and private cities, towns, streets, docks, markets, theatres, building and for all other purposes.

Merged Memorandum of Association of NTML is attached herewith as Annex D

9.3 In the Memorandum of Association of NTML the Capital clause is changed to increase the authorized capital of NTML to Rs. 330,000,000 divided into 33,000,000 shares of Rs. 10 each.

10. REDUCTION OF PAID UP CAPITAL OF NADEEM TEXTILE

NPGPL has invested Rs.144,180,000 in share capital of Nadeem Textile by subscribing 3,604,500 ordinary shares of Rs.10/- each at Rs.40/- per share i.e. at a premium of Rs.30/- per share. Upon merger of NPGPL with and into Nadeem Textile the paid up capital of Nadeem Textile will be reduced to the extent of Rs.36,045,000/- divided into 3,604,500 ordinary shares of Rs.10/- each.

11. DISCHARGE OF LIABILITIES AND OBLIGATIONS

11.1 All contracts, agreements, trusts, leases, conveyances, grants and instruments of transfer entered into by or subsisting in favour of NPGPL upon being transferred to and vested in Nadeem Textile shall remain in full force and effect as if originally entered into by or granted in favour of Nadeem Textile instead of NPGPL and Nadeem Textile may enforce all rights and shall perform all obligations and discharge, satisfy and perform and fulfill all debts, liabilities, contracts, engagements, and obligations whatsoever of NPGPL as on effective date.

11.2 The debts and liabilities and the obligations of NPGPL upon being transferred to and vested in Nadeem Textile shall be treated as the debts and liabilities and the obligations of Nadeem Textile as if originally incurred by Nadeem Textile instead of NPGPL and Nadeem Textile shall pay and discharge all such debts and liabilities and shall perform all such obligations accordingly.

12. SUBSTITUTION OF NAME

From the Effective Date, in the Contracts, and in all other contracts, deeds, share certificates, bonds, documents, correspondence, records, agreements, and instruments of any nature whatsoever in relation to NPGPL, any and all references to NPGPL and its Assets shall be deemed to be a reference to Nadeem Textile and, all such contracts, deeds, Share Certificates, Register of Members, bonds, documents, correspondence, records, agreements, and instruments shall be given effect accordingly.



13. EMPLOYEES

- 13.1 All employees of NPGPL shall as and from the Effective Date, become the employees of Nadeem Textile on the same terms and conditions on which they were employed immediately prior to the Effective Date.
- 13.2 The terms and conditions of service applicable to the aforesaid employees shall not in any way be less favourable to them than those applicable to them immediately prior to the transfer. The services of the aforesaid employees prior to the Effective Date shall be taken into account for the purposes of all benefits to which such employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits.

14. LEGAL PROCEEDINGS

All legal actions and legal proceedings of any nature whatsoever by or against Nadeem Textile pending immediately prior to the Effective Date, shall not abate, be discontinued or be in anyway prejudiced by reason of the transfer of NPGPL or of anything contained in this Scheme. Any legal action and/or legal proceedings in relation to NPGPL shall be continued, prosecuted and/or enforced by or against Nadeem Textile, in the same manner and to the same extent as they would or might have been continued, prosecuted and enforced by or against NPGPL, prior to the transfer.

15. LICENSES, PERMITS, AND APPROVALS

All licenses, permits, quotas, rights, permissions, concessions, privileges, sanctions, approvals, registrations and entitlements held by NPGPL shall, with effect from the Effective Date, stand vested in and transferred to Nadeem Textile without any further act or deed, and shall be appropriately amended/ transferred/ mutated by the relevant authorities in favour of Nadeem Textile Mills Limited.

16. TAXES

- 16.1 With effect from the Effective Date, all Liabilities in relation to Tax with regards to NPGPL and its respective Assets shall become the Liabilities and assets of Nadeem Textile and NPGPL shall cease to have any Tax liabilities from such date.
- 16.2 With effect from the Effective Date, all rights of NPGPL to refunds, credits, advance payments or any other benefits shall stand transferred to Nadeem Textile. Where any such Tax refund or benefit is due to NPGPL after the Effective Date, the same shall become due to Nadeem Textile.

17. DISSOLUTION OF NPGPL

The transfer of Assets and Liabilities under the terms of this Scheme shall result in the immediate dissolution without winding up of NPGPL without any further act or deed and its name shall be struck off the register of companies maintained by the Securities and Exchange Commission of Pakistan.



C. PRAYERS

1. "An order under section 279(2) of the Companies Act, 2017, sanctioning the Scheme, so as to make the Scheme binding on the Petitioners and their respective members and creditors as well as all other persons;"
2. "An order under section 282(3)(a) of the Companies Act, 2017 transferring to and vesting in the Nadeem Textile, the whole undertaking of the NPGPL along with all its respective properties, assets, rights, liabilities, encumbrances and obligations of every description as more particularly described in the Scheme as of the Effective Date"
3. "An order under section 282(3)(b) of the Companies Act, 2017 directing Nadeem Textile to allot 3,359,250 shares of par value of Rs. 10/- each on the basis of swap ratio of 9 (Nine) shares of Nadeem Textile for every 1 share held by the shareholders of NPGPL in terms of Article 8 of the Scheme"
4. An order to approve the Merged Memorandum of Association of NTML without any further action by Nadeem Textile Mills Limited.
5. "An order under section 282(3)(c) of the Companies Act, 2017 directing that any and all legal proceedings pending by or against the NPGPL shall, as of the Effective Date, continue by or against the Nadeem Textile"
6. "An order under section 282(3)(d) of the Companies Act, 2017, directing that immediately after the transfer of the NPGPL assets to the Nadeem Textile and the amalgamation of the NPGPL with and into the Nadeem Textile, the NPGPL shall without any further act or deed be dissolved without winding up and its name shall be struck off the register of companies at the Securities and Exchange Commission of Pakistan"
7. "An order to reduce the paid up capital of Nadeem Textile by Rs.36,045,000/- divided into 3,604,500 ordinary shares of Rs.10/- each."
8. "An order to increase the authorized capital of Nadeem Textile by Rs.30,000,000/- divided into 3,000,000 ordinary shares of Rs.10/- each."



D. MISCELLANEOUS

1. This Scheme is subject to the sanction of the Court and may be sanctioned in its present form or with any modification thereof or addition thereto as the Court may approve and this Scheme with such modification or addition, if any, is also subject to any conditions which the Court may impose.
2. If the Court requires NPGPL and Nadeem Textile to consent to any modification to this Scheme, such consent may be given on their behalf by their respective Chief Executive Officers or their legal counsel.

Place: Karachi

Date: December 28, 2021



ANNEXURES

Annexure-A

Swap Ratio Certificate issued by M/s.Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants.

Annexure-B

Nadeem Textile Mills Limited Audited Financial Statements for the year June 30, 2021.

Annexure-C

Nadeem Power Generation (Private) Limited Audited Financial Statements for the year June 30, 2021.

Annexure-D

Merged Memorandum of Association of Nadeem Textile Mills Limited along with Articles of Association.





Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

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June 01, 2022

Private & Confidential

Chief Executive Officer
 Nadeem Textile Mills Limited
 A-801-804, 8th Floor,
 Lakson Square Building
 Karachi

Dear Sir,

SWAP RATIO CALCULATION FOR THE PROPOSED MERGER OF NADEEM POWER GENERATION (PRIVATE) LIMITED WITH AND INTO NADEEM TEXTILE MILLS LIMITED

We refer to our engagement letter whereby our firm was engaged by sponsors / shareholders of Nadeem Power Generation (Private) Limited and Nadeem Textile Mills Limited for the purpose of the subject assignment.

Scope of work & methodology

The calculation of swap ratio for two merging entities requires selection of generally accepted valuation methodologies that are considered appropriate for the purpose. In this respect, swap ratio was earlier calculated by our firm using one method i.e. break-up value of respective entities as per our letter dated December 27, 2021. The sponsors have now requested to use more than one valuation methodology and calculate the revised swap ratio as of December 31, 2021 based on the audited financial statements of both the merging entities for the period ended December 31, 2021 provided along with their final projections.

We considered two valuation methodologies namely Discounted Cash Flow (DCF) and Adjusted Net Assets Valuation (NAV) Method and for the purpose of the said engagement, DCF was used as the primary methodology while Adjusted NAV was used as the secondary methodology. We perused the financial projections provided by the management but did not conduct any verification.

Valuation results and conclusion

The valuation results are depicted below:

| Valuation Methodology | Nadeem Textile Mills Limited Value per share (Rupees) | Nadeem Power Generation (Private) Limited Value per share (Rupees) |
|-----------------------|---|--|
| DCF | 53.89 | 471.41 |
| Adjusted NAV | 170.78 | 1,600.0 |

We assigned weightages of 75% to DCF being the primary methodology and 25% to Adjusted NAV being the secondary methodology to calculate the share swap ratio which is as follows

Nine shares of Nadeem Textile Mills Limited in exchange of One share of Nadeem Power Generation (Private) Limited.

This supersedes the swap ratio calculated as of December 27, 2021 based on break-up value only.

Yours faithfully,

Rahman Sarfaraz
 Rahman Sarfaraz Rahim Iqbal Rafiq
 Chartered Accountants



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The Companies Ordinance, 1984
(COMPANY LIMITED BY SHARES)

Memorandum

AND

Articles of Association

OF

Nadeem Textile Mills Limited



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THE COMPANIES ORDINANCE, 1984

(Company Limited by Shares)

**MEMORANDUM OF ASSOCIATION
OF
NADEEM TEXTILE MILLS LIMITED**

- I. The name of the Company is "NADEEM TEXTILE MILLS LIMITED".
- II. The Registered Office of the Company will be situated in the province of Sind.
- III. The objects for which the Company is established are all or any of the following:-
 1. To own, establish, manage and run spinning and weaving mills, dying, bleaching, calendaring, finishing, mercerizing and printing mills, other works and factories for the manufacture of cotton, silk, nylon, polyester rayon and woolen yarn and fabrics, hosiery and spooling fibrous and synthetic materials and their products and bye-products thereof, and generally to carry on the business as manufacturers, producers, Importers, stockiest and otherwise dealers in yarn, cloth and hosiery of all and every description and allied articles.
 - 1a. To set up and operate Electric Power Generating Projects for generating and supply; of Electric Power and to carry out the construction and manufacture of hydroelectric, thermal gas and thermal energy projects such as solar energy, bio-thermal energy and to construct, establish and fix necessary power stations, cables, wires, lines and works to generate, distribute and supply electricity and to light industries, cities, towns, buildings and places both public and private cities, towns, streets, docks, markets, theatres, building and for all other purposes.
 2. To manufacture, buy, import, twist, exchange, convert, alter or otherwise handle or deal in synthetic, zari, golden, yarn, silver yarn, nylon yarn, rayon yarn, artificial silk yarn, including synthetic or man-made fibre or fibres, staple fibre staple, fibre yarn and such other fibre, fibres or fibrous materials or allied products, by-products, or substances or substitutes for all or deemed beneficial for the business and purpose of the Company.



3. To carry on the business of purchasing, selling, importing, exporting, stocking or otherwise dealing in raw cotton jute, flax, wool, hemp, silk, and art silk, rayon, nylon, rubber, polyester fibre or synthetic substances and to process, comb, refine, press, gin, spin, weave, knit, loop, stitch, or otherwise manufacture and prepare products and bye-products thereof for marketing or internal use in the works of the Company.
4. To carry on the business as manufacturers, producers, exporters, importers, and dealers in all sorts of polyester and synthetic yarns of all and every description, to obtain, use, and exploit technical know-how, in the manufacture and production of polyester yarn and fabrics.
5. To import, export, stock, manufacture, or otherwise deal in all sorts of yarn, textile, fabrics and hosiery, whether made of silk, art silk, rayon, polyester, nylon, cotton, wool and jute or any other fibrous or synthetic material and all sorts of handloom products, tapestry, nettings, spooling and carpets of all varieties and description.
6. To erect, maintain, alter, extend, modernize, remodel or otherwise establish, own, manage and run various kinds of mills, factories and works and to undertake and execute any contract for works involving the supply or use of any machinery and to carry out any auxiliary or other works, comprised of such works.
7. To deal and carry on business as importers, exporters, agents, suppliers or otherwise dealers in all sorts of machinery, plant, apparatus, implements, spares, accessories, mill stores, foundry products, engineering stores, lubricants, chemicals, raw materials and all other articles, goods and materials required in mills and factories.
8. To carry on the business as advisors, consultants, engineers and technical experts for any trade or industry and to render such advice and service as are usually rendered by the technicians engineers, commercial, economical, industrials and business consultants and to prepare, plan, explore, conduct test and market research, collection of data or otherwise assist in the execution of such schemes as may be thought desirable in conjunction with the business of the company.

To acquire or undertake the whole or any part of the business, goodwill and assets of any person, firm or Company carrying on, proposing to carry on any of the business which this Company is authorized to carry on, or any business or transaction capable of being conducted or which may conveniently be conducted so as directly or indirectly to benefit the Company and as part of the consideration of such acquisition, to undertake all or any of the liabilities of such person, firm or company or to acquire an interest in, amalgamate with or to enter into any



arrangement for sharing profits or for cooperation or for limiting competition or for mutual assistance with any such person, firm or company and to give or accept by way of consideration for any of the things aforesaid or for property acquired, any cash, shares debentures or securities that may be agree upon and to hold, retain or to sell, mortgage or deal with any cash shares, debentures or securities so received.

10. To purchase, acquire by mortgage, lease or on royalty basis, exchange or otherwise work on any mines, mills, or factories, lands, buildings, machinery, or other property useful for the purposes of any of the Company's business and to establish factories and mills, construct, manage, improve, alter extend, reconstruct any buildings, machinery or other property useful for the purposes of any of the Company's business and to establish factories and mills, construct, manage, improve, alter extend, reconstruct any buildings, machinery or works for the purposes of the Company and to carry on agricultural operations for the cultivation of cotton, jute, sugarcane or any other crop, to contribute, subsidise or otherwise assist in planting and nearing trees and plants and any such plants operations as the Directors may think proper for the purposes of the Company.
11. To take on lease, hire, purchase, own or otherwise acquire any lands, plantations rights over or connected with lands and to carry on all or any of the business as is usually carried on by Zamindars or agricultural Companies and irrigate, cultivate, improve and develop any land and properties whether belonging to clearing, draining, facing, cultivating, planting manuring and farming specially for the purposes of oleaginous seeds and generally for any other crop with power to advance money to other persons for any of the purpose aforesaid.
12. To sell, let on royalty or hire, exchange or otherwise dispose of any property whether movable or immovable of the Company or any part thereof in such manner and for cash or such consideration including share, debenture or others securities of any other Company or corporation, as the directors may think fit.
13. To appoint or become agents, distributors, representatives stockiest and manage and constitute agencies of the Company in Pakistan or in Pakistan or in any other country wheresoever.
14. To borrow, or secure the payment of money in such manner as the Company shall think fit and in particular by the issue of debenture, charged upon all or any part of the Company's property (both present and future) including the uncalled capital and to purchase, redeem or pay off any such securities, or not so charged.



15. To pay brokerage or commission to any person or persons on condition of his or their subscribing or agreeing to subscribe whether absolutely or conditionally for any shares or debentures of the company or procuring or agreeing to procure subscriptions whether absolute or conditional for the same for which brokerage may be paid either in cash or debentures or shares of the Company credited as fully or partly paid up.
16. To enter into partnership or into any arrangement for sharing profits, union or interests cooperation, joint venture, reciprocal concession, or otherwise, with any person or Companies carrying on or engaged in or about to carry on or engage in any business or transaction which this Company is authorized to carry on or engage in or any business transaction which this Company is authorized to carry on or engage in or any business transaction capable of being conducted so as directly or indirectly to benefit this Company.
17. To pay all or any costs, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company.
18. To promote or form or assist in the promotion or formation of any other Company or companies with the same or any of the same objects as this Company or in which this Company is intend or the establishment of which may seem profitable to the Company or likely to advance its interests by providing whole or part of the capital thereof or by taking or subscribing for the shares of such Company or companies or by lending money upon debentures or otherwise.
19. To invest surplus money of the company, not immediately required, in shares, stocks, debentures and securities etc. as the Directors may deem fit.
20. To enter into any arrangement with the Government, or any authority, supreme, municipal, local or otherwise, that may seem conducive to the Company's objects or any of them and to obtain from any such Government, or authority all rights, concessions and privileges which the Company may think it desirable to obtain and to carry out, exercise and comply with any such arrangements rights, privileges, and concession.
21. To pay for special service rendered or to be rendered by any person at any time, provided such special remuneration is passed by the Company in General Meeting.



22. To open and establish branches in any part of Pakistan and States of foreign countries for the expansion of business of the Company and to get the Company registered, incorporated or recognized in any country, state or place as may from time to time be determined by the Directors.
23. To buy, sell, import, export, manufacture, manipulate treat, repair, and deal in merchandise, commodities and articles of all kinds and generally to carry on business as merchants, importers and exporters.
24. To acquire by purchase, lease, exchange or otherwise, land, buildings and hereditaments of any tenure or description and any estate or interest therein and any rights over or connected with land, and either to retain the same for the purposes of the Company's business or to turn the same to account as may be expedient.
25. To guarantee the payment of money, unsecured or secured by or payable under or in respect of promissory notes, bonds, debentures, debenture stock, contracts, mortgage, charges, obligations, instruments, and securities of any Company or any authority municipal, local or otherwise or of any person, firm, or corporation whether incorporated or not generally to guarantee or become sureties for the performance of any contracts and obligations.
26. To draw, make, accept, discount, execute and issue bills of exchange, promissory notes, bills of lading, warrants, debentures and other negotiable for transferable instruments or securities.
27. To adopt such means of making known the products of the Company as may seem expedient and in particular by advertising in the press, by circulars, by purchase and exhibition of works of art or interest, by publication of books and periodicals and by granting prizes, rewards and donations.



28. To dispose of or sell the undertaking of the Company or any part thereof for such consideration as the Company may think fit, and in particular for shares, debentures or securities of any other Company having objects, altogether or in part, similar to those of this Company.
29. To construct, maintain and alter any buildings or works necessary or convenient for the purposes of the Company.
30. To grant pensions, allowances, gratuities and bonuses to employees or employees of the Company or the dependents of such persons and to support by charity or subscribe to any charitable or other institutions, clubs, societies, funds or objects or to open provident funds for employees.

31. To sell, improve, manage, develop, exchange, lease, mortgage, dispose off, turn to account or otherwise deal with all or part of the property and rights of the Company.
32. To distribute all or any of the property to the Company amongst the members in specie or kind.
33. To do all or any of the above things, in any part of the world, either as principals, agents contractors, trustees or otherwise, by or through agents, subcontractors, trustees or otherwise, either alone or in conjunctions with others and to do all such things as are incidental or conducive to the attainment of the above object.
34. It is hereby undertaken that the Company shall not engage in banking or the business of an investment Company or in any unlawful business and that nothing in the objects clause shall be construed to entitle it to engage in such business.

IV. The liability of the members is limited.

V. The authorized share capital of the Company is Rs.330,000,000/= (Rupees Three hundred thirty million) divided into 33,000,000 ordinary shares of Rs.10/= each, with powers to increase or reduce the Capital and to consolidate or subdivide the shares and issue shares of higher or lower denominations.



We, the several persons whose names are subscribed are desirous of being formed into a Company in accordance with this Memorandum of Association, and we respectively agree to take the number of shares in the capital of the Company set opposite to our respective names:-

| Names, Address and Description of Subscribers | Number of Shares Taken by each Subscriber | Signature of Subscriber |
|---|---|-------------------------|
| 1 Mr. Mazhar Hussain Puri 633/2, F.M. 3, Clayton Road, Karachi-5. (Industrialist) | 100 | |
| 2 Mrs. Rafia Sultana 633/2, F.M. 3, Clayton Road, Karachi-5. (Industrialist) | 100 | |
| 3 Mr. Zahid Mazhar 633/2, F.M. 3, Clayton Road, Karachi-5. (Industrialist) | 100 | |
| 4 Mr. Shahid Mazhar, 633/2, F.M. 3, Clayton Road, Karachi-5. (Industrialist) | 100 | |
| 5 Mrs. Naila Zahid 633/2, F.M. 3, Clayton Road, Karachi-5. (Housewife) (Industrialist) | 100 | |
| 6 Mrs. Ghazala Shahid 633/2, F.M. 3, Clayton Road, Karachi-5. (Housewife) | 100 | |
| 7 Mr. Anwar Elahi K.D.A. 1, Karachi. (Businessman) | 100 | |
| Total | 700 | |

Karachi, dated this day of 1983

Names, Addresses
And Description
Of Witness



Mushtaq Ahmed Vohra
Mushtaq & Co.,
Chartered Accountants,
Mohni Building,
Shahrah-e-Liaquat, Karachi-2.

THE COMPANIES ORDINANCE, 1984
(Company Limited by Shares)
ARTICLES OF ASSOCIATION OF
NADEEM TEXTILE MILLS LIMITED
PRELIMINARY

1. The marginal notes hereto shall not affect the construction hereof and in these presents unless there be something in the subject or context inconsistent therewith:- Interpretation

"THESE ARTICLES" means these Articles of Association as originally framed or as from time to time altered by Special Resolution.

"THE ORDINANCE" means the Companies Ordinance, 1984, as for the time being in force in Pakistan.

"THE COMPANY" means NADEEM TEXTILE MILLS LIMITED.

"THE DIRECTORS" means the Board of Directors for the time being of the Company.

"CHIEF EXECUTIVE" means the Chief Executive of the Company for the time being by whatever name called.

"THE OFFICE" means the Registered Office for the time being of the Company.

"THE REGISTER" means the Register of Members to be kept pursuant to Section 147 of the Ordinance.

"THE SEAL" means the Common Seal of the Company.

"BANKRUPT" includes a person compounding or arranging with or making an assignment of all his property for the benefit of his creditors, and "Bankruptcy" shall have a corresponding meaning.

"BOARD" means the Board of Directors of the Company as constituted under the provisions of the Ordinance.

"SECRETARY" includes (subject to the provisions of the



Ordinance) an Assistant or Deputy Secretary and any person appointed by the Directors to perform any of the duties of the Secretary.

"DIVIDEND" includes bonus.

"PAID UP" in reference to shares, includes credited as paid up.

"SECURITIES" includes shares of Joint Stock Companies and Corporation, N.I.T. Units, Modaraba Certificates, Participation Term Certificates (PTC) Musharika Certificates, Term Finance Certificates (TFC), Debentures, or any other security or obligation as defined in Section 2(1) (34) of the Ordinance.

"MONTH" means calendar month according to the English style.

"IN WRITING" and "WRITTEN" include printing, lithography and other modes of representing or reproducing words in visible form.

Words importing the singular number only shall include the plural number and vice versa.

Words importing persons shall include corporations.

Subjects as aforesaid, in these Articles, unless the context otherwise requires, words and expressions defined in the Companies Ordinance 1984 or any statutory modification thereof in force at the date at which the Articles become binding on the Company shall have the same meaning as defined in the Ordinance.

Company to be governed by these articles



2. The Regulations contained in the Table marked 'A' in the First Schedule to the Companies Ordinance 1984 shall not apply to the Company except so far as the same are repeated, contained or expressly made applicable in these Articles or by the Ordinance. In case of any conflict between the provisions herein contained and the incorporated Regulations of Table 'A' the provisions herein contained shall prevail. The Regulations for the management of the Company and for the observance of the members thereof and their representatives shall, subject to any exercise of their statutory powers of the Company in reference to the repeal or alteration of or addition to its regulations by Special Resolutions as prescribed or permitted by the ordinance be such as are contained in these Articles.

Head office and other place of business 3. The Company shall have its Head Office at a place in Pakistan to be determined by the Board of Directors, and subject thereto the business of the Company may be carried on throughout Pakistan and at such other places elsewhere as the Directors may from time to time determine.

Commencement of business. 4. The Directors shall have regard to the restrictions on the commencement of business imposed by Section 146 of the Ordinance in so far as, these restrictions are binding upon the company.

SHARES CAPITAL AND SHARES

Capital 5. The authorized Share Capital of the Company is Rs.330,000,000/= (Rupees Three hundred thirty million) divided into 33,000,000 ordinary shares of Rs.10/= each.

Company not to purchase its own shares. 6. None of the funds of the Company shall be employed in the purchase of or lent on the security of shares of the Company and the company shall not, except as permitted by Section 95 of the Ordinance, give any financial assistance for the purpose of or in connection with any purchase of shares in the Company.

Issued Capital. 7. The Company shall not issue partly paid shares. The company shall have only ordinary shares capital, which may be divided into different classes and rights between various classes of ordinary shares as to profits, votes and other benefits shall be strictly proportionate to the paid up of the shares.

Allotment of shares under the control of Directors. 8. Subject to the provisions of these Articles and to the provisions of Section 86 of the Ordinance, the shares shall be under control of directors, who may allot, grant option over or conditions and either at premium or at par and such times, as the Directors think fit and with full power to give to any person the call of any shares either at par or at a premium for such time and for such consideration as the Directors think fit unless the company shall in General Meeting decide upon the issue of such shares on other terms. Provided that no shares shall be issued at a discount except in accordance with the provisions of Section 84 of the Ordinance.

Return as to allotment 9. The Director shall, as regards any allotment of shares, duly comply with such of provisions of Section 67 to 73 of the ordinance, as may be applicable thereto.



Power to modify rights.

10. Without prejudice to any special rights previously conferred on the holders of any shares or loss of shares already issued (which special rights shall not be varied abrogated except with such consent or sanction as is provided in these Articles.) any un issued shares and any new shares in the Company from time to time to be created, may from time to time, be issued with such special rights, or such restrictions, as the Company may from time to time by ordinary Resolution determine.

11. Whenever the Capital is divided into different classes of shares, all or any of them rights and privileges attached to each class may, subject to the provisions of Section 108 of the Ordinance, be modified, commuted, affected, abrogated, or dealt with by agreement between the Company and any person purporting to contact on behalf of that class provided such agreement is (A) ratified in writing by the holders of at least three-fourths in nominal value of the issued shares of the class or (B) confirmed by a special Resolution passed at Extra-Ordinary General Meetings, shall, mutatis mutandis, apply to every such meeting. This Article shall, not by implication curtail the powers of modification with the company would have if this Article were omitted.

Power to pay Commission



12. The Company may at any time pay a commission to persons for subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares, debentures or debenture-stock in the Company or procuring or agreeing to procure subscriptions (whether absolute or conditional) for any shares, debentures or debenture-stock in the Company, but so that if the commission in respect of shares shall be paid or payable out of capital the statutory conditions and requirements shall be observed and complied with, the amount or rate of commission shall not exceed 10% (or such other percentage/rate as may be prescribed by Corporate Law Authority) on the shares, debentures or debenture-stock in each case subscribed or to be subscribed. The commission may be paid or satisfied in cash or in shares, debentures or debenture-stock. In case any commission shall be paid the Company shall comply with the provisions of Section 82 of the Ordinance.

Power to pay Brokerage.

13. The Company may pay a reasonable sum for brokerage, but brokerage shall not in any case exceed one percent of the price at which shares or debentures issued have been actually and not merely sold through the brokers, or shall be paid at not more than such other rate percent as may from time to time be specified by the Corporate Law

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Authority. The Company may make any allotment on the terms that the person to whom such allotment is made shall have the right to call for further shares at such time or times and at such price or prices (not being less than par) as may be thought fit.

Trust not recognized.

14. Except as required by law, no person shall be recognized by the Company as holding any share upon any trust, and the Company shall not be bound by or be compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or (except only as by these Articles or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

Who may be registered.

15. Shares may be registered in the name of any person, limited Company or other corporate body, or any Government body, but not in the name of a firm. The Directors shall, however, be at liberty, at their sole discretion, to register any share in the joint names of any to or more persons, or the survivor or survivors of them.

Shares in lieu of debentures.

16. The Company may issue ordinary shares or grant option to convert into ordinary shares against debentures in the manner provided in Section 87 if the manner provided in Section 87 of the Ordinance.

Directors may allot fully paid-up shares as payment of property etc.



Subject to the provisions of the Ordinance and these Articles the Directors may allot and issue shares in the capital of the Company as payment or part payment of any property, sold or transferred, goods or machinery supplied or for services rendered to the Company in or about the formation or promotion of the Company or conduct of its business, and any shares which may be sold or allotted may be issued as fully paid up shares, and if so, issued shall be deemed to be fully paid up shares.

Power to charge interest to capital.

18. Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any works or building, or the provision of any plant which cannot be made profitable for a length ended period, the Company may pay interest on so much of that Share Capital as is for the time being paid up for the period the subject to the conditions and restrictions as provided in the Ordinance, and may charge the same to capital as part of the cost of the construction of the works or building or the provisions of the plant.

CERTIFICATES

Certificate

19. The certificate of title to shares and duplicates thereof when necessary shall be issued under the Seal of the Company and signed by two Directors.

20. Every member shall, free of charge, be entitled to receive, within ninety days after allotment or within forty five days of the application for registration of transfer, one certificate for all the shares in any particular class registered in his name, provided that, if the Directors so approve several certificates may be issued each for one or more of such shares, but in respect of each certificate after the first, the Directors shall be entitled to charge a fee of Rs.2/= or such less sum as they may determine. Every certificate of shares shall specify the number and the distinctive serial number of the shares in respect of which it is issued and the amount paid up thereon.

Issue of new certificate in lieu of defaced lost or destroyed.

21. If any certificate be worn out, defaced then upon production thereof to the Directors, they may order the same to be cancelled, and may issue a new certificate in lieu thereof, and if any certificate be lost or destroyed then, upon enquiry and/or proof thereof to the satisfaction of the Directors and on such indemnity as the Directors deem adequate being given, a new certificate in lieu thereof shall be given to the registered holder of the same to which such lost or destroyed certificate shall relate. Such certificate shall be issued within forty-five days of the application or in case of refusal to so issue for any reasonable cause, the Company shall notify to the applicant the reason for refusal within thirty days from the date of the application.



Fee

22. For every certificate issued under the last preceding Articles there shall be paid to the Company the sum of Rs.2/= or such smaller sum as the Directors may determine together with a sum equal to all the actual expenses incidental to the investigation by the Company of the title and evidence of such destruction or loss and to such indemnity.

To which of joint-holders certificate to be issued.

23. The certificates of shares registered in the names of two or more persons shall be delivered to the person first named on the Register.

Renunciation

24. Nothing contained in these Articles shall preclude the Directors from recognizing a renunciation of allotment of any shares by the allottees in favour of some other person. In such a case the provisions of the Ordinance regarding

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the share certificates and other relevant provisions shall apply from the date of expiry of the period of renunciation.

TRANSFER AND TRANSMISSION SHARES

- Register of transfer. 25. The Company shall keep a book to be called 'the Register of Transfers' and therein shall be fairly and distinctively entered particulars of each transfers and transmission of shares.
- Execution of Transfer etc. 26. Subject to the provisions of the Section 76 of the Ordinance, no transfer of shares shall be registered unless a proper instrument of transfer duly stamped and executed by the transferor and the transferee has been delivered to the Company together with certificates of shares. The instrument of transfer if any share shall be signed both by the transferor and transferee, and shall contain the name and address both of the transferor and transferee, and transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register in respect thereof. Each signature to such transfer shall be duly attested by the signature of one credible witness who shall add his address and occupation.
- a) Application for the registration of the transfer of a share may be made either by the transferor or the transferee.
- b) Before registering and transfer tendered for registration the Directors may, if they so think fit, give notice by letter posted in ordinary course to the registered holder that such transfer deed has been lodged and that unless objection is taken, the transfer will be registered and if such registered holder fails to lodge an objection in writing at the registered office of the Company within ten days from the posting of such notice to him he shall be deemed to have admitted the validity of the said transfer. Where no notice is received by the registered holder the Directors shall be deemed to have decided not to give notice and in any event the non-receipt by the registered holder of any notice shall not entitle him to make any claim of the kind against the Company or the Directors in respect of such non receipt.
- Indemnity against wrongful transfer. 28. Neither the Company nor its Directors shall incur any liability for registering or acting upon a transfer of shares



apparently made by sufficient parties, although the same may, by reason of any fraud or other cause not known to the Company or its Directors, be legally in operative or insufficient to pass the property in the shares proposed or proposed to be transferred, and although the transfer, may as between the transferor and transferee, be liable to be set aside, and notwithstanding that the Company may have notice that such instrument of transfer was signed or executed and delivered by the transferor in blank as to the name of transferee or the particulars of the shares transferred, or otherwise in defective manner, and in every such case the person registered as transferee, his executors, administrators, and assigns alone shall be entitled to be recognized as the holder of such shares and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.

Form of transfer.

29. The instrument of transfer of any share shall be in writing in the usual common form, or in the following form, or as near thereto as circumstance will admit:-

NADEEM TEXTILE MILLE LIMITED

- a) I, AB, of in consideration of the sum of Rs. _____ paid to me by CD of _____ hereinafter called the said transferee, do hereby transfer to the said transferee share (or shares) numbered in the undertaken called _____ to hold upto the said transferee, his executors, administrators and assigns, subject to the several conditions on which I held the same immediately before the execution hereof, and I, the said transferee, do hereby agree to take the said share (or shares) subject to the conditions aforesaid. As witness our hands the day of _____
Witness to the signature of etc.
- b) Shares of different clauses shall not be comprised in the same instrument of transfer.



Restriction on transfer.

30. The Directors shall not refuse to transfer any fully paid shares or debentures of the Company, unless the transfer deed is for any reason defective or invalid, provided the Company shall within thirty days, from the date on which the instrument of transfer was lodged with it, notify the defect or invalidity to the transferee, who shall, after the removal thereof be entitled to re-lodge the transfer deed with Company. Upon such re-lodgment, the Company shall, within thirty days thereof register such transfer in favour of the transferee, if satisfied about removal of such effect for invalidity.

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No transfer to insolvent etc.

Transfer to be left at office and evidence of title given:

Loss of Transfer deed.



When transfers to be retained

Fee on transfer etc.

Transfer books when closed.

31. No transfer shall be made to an insolvent or person of unsound mind.
32. Every instrument of transfer shall be left at the office for registration, accompanied by the certificate of the shares to be transferred, and such other evidence as the Directors may require to prove the title of the transferor or his right to transfer the shares and upon payment of the proper fee, the transferee shall (subject to the Directors right to decline to register hereinbefore mentioned) be registered as a member in respect of such shares. The Directors may waive the production of any certificate upon evidence satisfactory to them of its loss or destruction. The transferor shall be deemed to remain the holder of the shares until the name of the transferee is entered in Register in respect thereof.
33. Where a transfer deed is lost or destroyed or mutilated before its lodgment, the Company may on an application made by the transferee and bearing the stamp required by an instrument of transfer, and such other evidence as directors may require register the transfer of shares or debentures if transferee proves such loss, destructions or mutilation to the satisfaction of the Company.
34. All instruments of transfer which shall be registered shall be retained by the Company but any instrument of transfer which the Directors may decline to register shall (except in any case of fraud) be returned to the person depositing the same. If the Directors refuse to register the transfer of any shares they shall within thirty days from the date on which the instrument of transfer was lodged with the Company send to the transferee and transferor notice of the refusal.
35. No fee is to be charged on transfer of shares. However, there shall be paid to the Company in respect of the registration of any probate, Letters of Administration, Certificate of marriage or death, Power of Attorney or other documents relating to or affecting the title to any shares or for taking any entry in the register affecting the title to any share such fee not exceeding Rs.2/= as the Directors may from time to time require or prescribe.
36. The Directors may, on giving not less than seven days previous notice by advertisement in some newspaper circulating in the Province, in which the Office of the Company is situated, close the Register of members for any time or times, not exceeding in the whole forty five

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Transmission of registered share.

days in each year, but not exceeding thirty days at a time in accordance with Section 151 of the Ordinance.

37. The executors or administrators of a deceased member (not being one of several joint-holders) shall be the only persons recognized by the Company as having any title to the shares registered in the name of such member, and in case of the death of any one or more of the joint-holders of any registered shares, the survivors shall be the only persons recognized by the Company as having any title to or interest in such shares, but nothing herein contained shall be taken to release the estate of a deceased joint-holder from any Liability on shares held by him jointly with any other person. Before recognizing any executor or administrator the Directors may require him to obtain a Grant of Probate, Letters of Administration, Succession Certificate or other legal representation as the case may be, from some competent Court having effect in Karachi Provided nevertheless that in any case where the Board in their absolute discretion think fit it shall be lawful for the Directors to dispense with the production of Probate, Letter of Administration, Succession Certificate or such other legal representation upon such terms as to indemnity or otherwise as the Directors in their absolute discretion, may consider necessary.

As to transfer of shares to insane, infant, deceased, or bankrupt.

38. Any committee or guardian of a lunatic or infant member or any person becoming entitled to or to transfer shares in consequence of the death or bankruptcy or insolvency of any member upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article, or of his title as the Directors think sufficient, may, with the consent of the Directors (which they shall not be under any obligation to give), be registered as a member in respect of such share, or may subject to the regulations as to transfer hereinbefore contained, transfer such shares. The Articles is hereinafter referred to the "Transmission Articles".

Rights of unregistered personal representative or trustee in bankruptcy.

39. A person so becoming entitled shall have the right to receive and give a discharge for any dividends or other moneys payable or other advantages arising in respect of the shares, but he shall have no right to receive notice of or to attend or vote at meetings of the Company, or (save as aforesaid) to any of the rights or privileges of a member in respect of the share, unless and until he shall be registered as the holder thereof.

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Directors may refuse to register transmission.

40. The Directors shall have the same right to refuse to register a person entitled by transmission to any Shares or his nominee as if he were the transferors named in an ordinary transfer presented for registration.

INCREASE, REDUCTION AND ALTERATION OF CAPITAL

Power to Increase capital.

41. The Company may from time to time by ordinary resolution of the Company in General Meeting increase the capital by creation of new shares of such amount as may be deemed expedient.

On what conditions new shares may be issued.

42. The new shares may be issued upon such terms and conditions and with such rights and privileges annexed thereto as the Resolution creating the same shall direct and, if no direction be given, as the Board shall determine, and provided that such shares shall rank paripassu with the existing shares of the class to which the new shares belong in all matters including the right to such bonus or right issue and dividend as may be declared by the Company subsequent to the date of issue of the new shares.

Offer of new shares to members or otherwise.

43. Subject to the provisions of the Ordinance, all new shares shall, before issue as nearly as the circumstances permit, be offered to the Members in proportions to the existing shares held by them and such offer shall be made by notice specifying the number of shares offered and limiting a time within which the offer, if not accepted, will be deemed to be declined and after expiration of such time, or on receipt of an intimation from the Member to whom such notice is given that he declines to accept the shares offered, the Board may dispose of the same in such manner as it thinks most beneficial to the Company.

Further issue of capital by Directors.

44. Subject to Resolution in General Meeting sanctioning the increase of Shares Capital, the Director shall offer all new shares to the members in proportion to the existing shares held (irrespective of class) and such offer shall be made by notice specifying the number of shares to which the member is entitled and limiting a time within which the offer, if not accepted, will be deemed to be declined and after expiration of such time or on receipt of an intimation from the member to whom such notice is given that he declines to accept the shares offered, the Directors shall offer the unsubscribed part to any one or more institution as may be specified by the Authority and if the said institutions do not subscribe to the whole or any part of the offer, the Directors may dispose of the same to such person or persons, companies or corporations.



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Government of Pakistan or provincial governments, whether Members or not, subject to the provisions of the ordinance in such manner as they in their absolute discretion think fit.

Inequality in number of new shares.

45. If owing to any inequality in the number of new shares to be issued and the number of shares held by members entitled to have the offer of such new shares, any difficulty shall arise in the apportionment of such new shares, or any of them amongst the members, such difficulty in the absence of direction in the resolution creating the new shares or by the Company in General Meeting, be determined by the directors.

How far new shares to rank with shares in original capital.

46. Except so far as otherwise provided by the condition of issued or by these presents any capital raised by the creation of new shares shall be considered part of the original ordinary capital and shall be subject to the provisions herein contained.

Reduction of capital.

47. The Company may (subject to the provisions of Sections 96 to 107 inclusive of the Ordinance) from time to time by Special Resolution reduce its capital by any way and in particular (without prejudice to the generality of the power) by paying off capital or canceling capital which has been lost or is unrepresented by available assets or reducing the liability on the shares or otherwise as may seem expedient and capital may be paid off upon the footing that it may be called up again or otherwise.

Power to consolidate, cancel and sub-divide shares.

48. The Company may in General Meeting by Ordinary Resolution:-

- (a) Consolidate and divide all or any of its shares of larger amount that its existing share:
- (b) Cancel any shares which, at the date of the passing of the resolution, have not been taken by any person and diminish the amount of its capital by the amount so cancelled,
- (c) Sub-divide its share, or any of them into shares of smaller amount than is fixed by the Memorandum of Association (subject nevertheless to the provisions of the Ordinance). Provided that in the event of consolidation or sub-division of shares, the rights attaching to the new shares shall be strictly proportional to the rights attaching to the previous shares so consolidated or sub-divided and provided further that where any shares issued are of a class which the same as that of shares previously issued, the



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rights attaching to the new shares shall be the same as those attaching to shares previously held.

- Fractional shares on consolidation and/or subdivision 49. If and whenever as a result of an issue of new shares or any consolidation or subdivision of shares, any members become entitled to hold share in fraction, the Directors shall not be required to issue such fractional shares and shall be entitled to sell whole shares at a reasonable price and pay and distribute to and amongst the members entitled to such fractional shares in due proportion the net proceeds of the sale thereof. For the purpose of giving effect to any such sale the Directors may authorize any person to transfer the shares sold to the purchaser thereof and the purchaser shall be registered as the holder of the shares comprised in any such transfer and he shall not be entitled to see to the application of the purchase money nor shall his title to the shares be effected by the irregularity or invalidity in the proceedings in reference to the sale.

SURRENDER OF SHARES

- Surrender of shares. 50. Subject to the provisions of Section 96 to 105 inclusive of the Ordinance the Directors may accept from any member the surrender of share on such terms and conditions as shall be agreed of all or any of his shares.

BORROWING POWERS

- Power to borrow. 51. The Board may, by means of a resolution passed at the meeting of directors from time to time at its discretion raise or borrow and secure the payment of any sum or sums of money for the purpose of the Company.
- Conditions on which money may be borrowed. 52. The Board may raise or secure the repayment of any sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit and in particular by the creation of any mortgage or charge on the undertaking or the whole or any part of the property present or future, or by the issue of bonds, perpetual or redeemable, Term Finance Certificates, debenture or debenture-stock of the Company charged upon all or any part of the property of the Company both present and future. PTC, Promissory notes, Bills of Exchange, Usance bills, furnishing guarantees, undertaking deposits, shares and documents of title, hypothecation.
- Securities may be assignable. 53. Debentures, debenture-stock, Term Finance Certificates, bonds and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.



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Issue at discount

54. Subject to the provisions of the Ordinance, any debentures, debenture-stock, bonds or other securities may be issued at a discount, premium or otherwise and with any special privileges as to redemption, surrender, drawings, allotment of shares, attending and voting at General Meetings of the Company appointment of Directors and otherwise.

55. The Board shall cause a proper register to be kept in accordance with Section 135 of the Ordinance of all mortgages and charges specifically affecting the property of the Company, and shall duly comply with the requirements of Section 121 of the Ordinance in regard to the registration of mortgages and charges therein specified and shall also duly comply with the requirement of Section 130 of the Ordinance as to keeping a copy of every instrument creating any mortgage or charge by the Company at the office, and the requirements of Section 132 of the Ordinance as to giving intimation of the payment or satisfaction of any charge or mortgage created by the Company.

Register of debenture holders

56. Upon giving not less than seven (7) days previous notice by advertisement in some newspaper having circulation in the province in which the Office is situate and also in a newspaper having circulation in the province in which the stock exchange on which the Company is listed, is situate, every register holders of debentures of the Company may be closed for any periods not exceeding in the whole forty-five (45) days in any year and not exceeding thirty (30) days at a time. Subject as aforesaid, every such register shall be open to the inspection of the registered holder of any such debentures and to any member on gratis and to the inspection of any other person on payment of such amount (not exceeding that prescribed by the Ordinance) as the Company may fix, but the company may in General Meeting impose any reasonable restrictions so that at least two (2) hours during business hours in each days when such register is open are appointed for inspection.



Transfer of debentures

57. Subject to the provisions of Section 76 of the Ordinance, no transfer of registered debenture redeemable capital shall be registered unless a proper instrument of transfer duly stamped and executed by the transferor and the transferee has been delivered to the Company together with the certificate or certificates of the debentures.

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- Refusal to debentures. 58. If the Board refuses to register the transfer of any debentures, it shall within thirty (30) days from the date on which the instrument of transfer was lodged with the Company send to the transferee and the transferor notice of the refusal, indicating reasons for such refusal.
- Inspection. 59. The Company shall comply with the provisions of Section 136 of the Ordinance as to allowing inspection of copies kept at the Office in pursuance of Section 130 of the Ordinance and as to allowing inspection of the register of mortgages to be kept at the Office in pursuance of Section 135 of the Ordinance.
- Supplying copies of register. 60. The Company shall comply with the provisions of Section 150 and 113 of the Ordinance respectively as to supplying copies of any Register of holders of debentures or of any trust deed for securing any issue of debentures, on payment of a fee fixed by the Company not exceeding the amount prescribed by the Ordinance.
- Mortgage of uncalled capital. 61. If any uncalled capital of the Company be included in or charged by any mortgage or other security, the Directors may by instrument under the Company's seal, authorize the person in whose favour such mortgage or security is executed, or any other persons in trust for him, to make calls on the members in respect of such uncalled capital, and the provisions hereinbefore contained in regard to calls shall, *mutatis mutandis*, apply to calls made under such authority may be made exercisable either contingently and either to the exclusion of the Directors power or otherwise, and shall be assignable if expressed so to be.

GENERAL MEETINGS

- Place of general meeting 62. A General Meeting shall be held once at least in every Calendar year at such time within a period of six months following the close of its financial year and not being more than fifteen months after the holding of the last preceding General Meeting, and at such place as may be determined by the Board. Such General Meeting shall be held in the town where the Registered Office is situated.
- Annual and Extra ordinary General Meeting. 63. The General Meeting referred to in the last preceding Article shall be called the Annual General Meeting, all other Meetings of the Company shall be called Extra ordinary Meetings.



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Calling of extra ordinary meetings

64. The Board may, whenever it thinks, fit, call and Extra Ordinary General Meeting of the Company and extra ordinary General Meetings shall also be called on such requisition, or in default, may be called by such requisitionists, provided by Section 159 of the Ordinance. If at any time there are not within Pakistan sufficient Directors capable of acting to form a quorum, any Director or Members of the Company holding in their own name not less than one tenth of the voting power on the date of depositing of requisition may as nearly as possible as that in which meetings may be convened by the Directors.

Notice of meeting,

65. Not less than twenty one day's notice (exclusive of the day on which the notice is served or deemed to be served, but inclusive of the day for which notice is given) specifying the place, day and hour of meeting along with a statement of the general business to be transacted at the meeting in accordance with Section 160 of the Ordinance and shall also be published at least in one issue each of a daily newspaper in the English and Urdu languages having circulation in the province in which the stock exchange on which the Company is listed is situate, provided, however, that in the case of an emergency affecting the business of the Company, the Registrar may, on the application of the Board, authorize and Extraordinary General Meeting to be held at such shorter notice as he may specify.

Omission to give notice

66. The accidental omission to give any such notice to or the non-receipt of notice by any of the Members shall not invalidate the proceedings at any such meeting.

Ordinary

67. The business of an Annual General Meeting shall be to receive and consider the Profit and Loss Account, the Balance Sheet and the Reports of the Board and the Auditors, to elect Directors in the place of those retiring, to appoint and fix the remuneration of Auditors, to declare dividends, and to transact any other business which under these presents ought to be transacted at an Annual General Meeting. All other business transacted at an Annual General Meeting and all business transacted at an Extraordinary Meeting shall be deemed Special.

68. The Quorum for a General Meeting shall be five (5) Members being holders of ordinary shares and entitled to vote, present in person, representing not less than twenty five (25) percent of the issued share capital of the Company either of their own account or as proxies.



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Quorum to be present at commencement.

69. No business shall be transacted at any General Meeting unless the quorum requisite shall be present at the commencement of the business.

Chairman of General Meeting

70. (a) The Chairman of the Directors shall be entitled to take the Chair at every General Meeting or if there be no such Chairman or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding such meeting, or is unwilling to act the members present in person or by proxy shall choose another Director as Chairman, and if no Director be present or if all the Directors present decline to take the Chair, then the members present shall choose one of their member being a member entitled to vote, to be Chairman.

When, if quorum not present meeting to be dissolved and when to be adjourned.

(b) If within half an hour from the time appointed for the meeting a quorum be not present, the meeting if convened upon such requisition as aforesaid shall be dissolved but in any other case it shall stand adjourned to the same day in the next week at the same time and place or if such place be not available to such other place as the Directors may appoint, but should such day be a public holiday, then it shall be adjourned to the first business day next following such public holiday at the same time, and if so such adjourned meeting a quorum is not present within half an hour from, the time appointed for the meeting those members who are present shall be a quorum and may transact the business for which the meeting was called.

How question to be decided at meetings

71. Every question submitted to a meeting shall be decided in the first instance by a show of hands and in the case of an equality of votes the Chairman shall, both on a show of hands and at the poll, have a casting vote in addition to the vote or votes to which he may be entitled as a member.

72. At any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chairman or by at least five members present in person or by proxy, having the right to vote on the resolution or any member or members present in person or by proxy and having not less than one tenth of the total voting power in respect of the resolution or any Member or Members present in person or by proxy and holding shares in the Company conferring a right to vote on the resolution, being shares



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on which an aggregate sum has been paid up, which is not less than one tenth of the total sum paid up on all the shares conferring that right and unless a poll is so demanded, a declaration by the Chairman that a resolution has, on a show of hands, been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against, the resolution.

73. If a poll be demanded as aforesaid, it shall be taken in accordance with the manner laid down in Section 168 of the Ordinance as the Chairman of the meeting directs and after an interval or adjournment, either at once or not more than fourteen days from the day on which it is demanded, as the Chairman of the meeting may direct. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand of a poll may be withdrawn by the person or persons who made the demand. In case of any dispute as to the admission or rejection of any vote, the Chairman shall determine the same and such determination made in good faith shall be final and conclusive.

Power to adjourn meeting.

74. The Chairman of a General Meeting may with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the same from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for not less than seven days nor more than fourteen days, notice of the adjournment shall be given as soon as practicable, but in case of adjournments for more than fourteen days, a notice be sent as in the case of an original meeting. Save as aforesaid, it shall not be necessary to give any notice of adjournment or of the business to be transacted at an adjourned meeting.

In what cases poll takes without adjournment

75. a) Any poll duly demanded on the election of a Chairman of a meeting or on any question of adjournment shall be taken at the meeting and without adjournment.

Business may proceed notwithstanding demand of poll.

b) The demand of a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.



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76. On a show of hands every Member present in person and every person present on behalf of a holder or holders of shares as a proxy shall have one vote except in the case of election of Directors when the provisions of Section 178 of the Ordinance shall apply and upon a poll every Member present in person or by proxy shall have one vote for every share held by him. Provided however, that at the time of voting, fractional votes shall not be taken into account.
- Voting by corporate shareholder 77. Any corporation whether registered under the Ordinance or not holding shares conforming the right to vote may be resolution of its directors or other governing body authorize such person as it thinks fit to act as its representative at any meeting of the Company, or at any meeting of holders of any class of shares of the Company, and the person so authorized shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it has been and individual Member of the Company. But no company shall vote by proxy so long as a resolution of its directors under the provisions of Section 162 of the Ordinance is in force.
78. A member of unsound mind or in respect of when an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll by his committee, or other legal guardian and such committee or guardian may on a poll vote by proxy provided that such evidence as the Directors may require of the authority of the person claiming to vote shall have been deposited at the office or at such other place as the Directors may appoint not less than forty eight hours before the time for holding the meeting.
- Votes in respect of deceased, insane and insolvent members. 79. Any person entitles under the Transmission Article to transfer any shares may vote at General Meeting in respect thereof in the same manner as if he was the registered holder of such shares. If any member be a lunatic, idiot or non-compose mentis, he may vote whether by a show of hands or at a poll by his committee, curator bonis or other legal curator and such last mentioned person may give their votes by proxy provided that the person entitled under the Transmission Article or the Committee, curator bonis or other legal curator 48 hours at least before the time of holding the meeting or adjourned meeting as the case may be at which proposes to vote shall satisfy the Directors of his rights to transfer such shares, or the Directors may have previously admitted his right to vote at such meeting in



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- respect thereof.
- Joint holders.** 80. Where there are joint registered holders of any share any one of such persons may vote at any meeting either personally or by proxy in respect of such share as if he were solely entitled thereto; and if more than one of such joint holders be present at any meeting either personally or by proxy, that one of the said persons so present whose name stands first on the Register in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share stands shall for the purpose of this Article be deemed joint holders thereof.
- Voting in person or by proxy.** 81. Votes may be given either personally or by proxy, or in the case of a corporation by a representative duly authorized as aforesaid provided however that a Member shall not be entitled to appoint more than one proxy to attend any one meeting. A person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.
- Instruments appointing proxy to be in writing.**
Proxies may be general or special. 82. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his Attorney duly authorized in writing or if such appointer a corporation under its common seal or the hand of its Attorney. A proxy who is appointed for a specified meeting only shall be called a Special Proxy. Any other proxy shall be called a General Proxy. No person shall be appointed a Special Proxy who is not a member of the Company and qualified to vote.
- Proxy form to be deposited at office** 83. The instrument appointing a proxy and the Power of Attorney (if any) under which it is signed shall be deposited at the office not less than forty eight hours before the time for holding the meeting or adjourned meeting as the case may be at which the person named in such instrument proposes to vote, but no instruments appointing a Special Proxy shall be valid after the expiration of twelve months from the date of its execution.
- Lapse of authority.** 84. A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the previous death or insanity of the principal or the revocation of the instrument or transfer of the share in respect of which the proxy is given, provided no intimation in writing of the death, insanity, revocation or transfer of the share shall have been received at the Office before the commencement of the meeting or



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adjourned meeting at which the proxy is used. Provided nevertheless that the Chairman of any meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and that the same has not been revoked.

Objection to voter.

85. Subject to the provisions of the Ordinance, no objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or disallowed and every vote not disallowed at such meeting shall be valid for all purposes. Any objection made under the provision of the meeting whose decision shall be final and conclusive.

Form of instrument appointing a Special Proxy.

86. Every instrument appointing a Special Proxy shall, as nearly as circumstances will admit, be in the form or to the effect following and shall be retained by the Company.

NADEEM TEXTILE MILLS LIMITED

I, _____ of _____ being a member of _____ hereby appoint _____ of _____ of failing him _____ of _____ to act as my proxy in my absence to attend and vote for me, and to act on my behalf at the (ordinary or extra ordinary, as the case may be) General Meeting of the Company to be held on the _____ day of _____ and at any adjournment thereof.

As witness my hand this _____ day of _____ Signed by the said _____ in the presence of _____

Provided always that an instrument appointing a proxy may be in the form set out in Regulation 39 of Table A, or to the like effect.

DIRECTORS

Minimum and maximum number of Directors

87. Unless and until otherwise determined by the Company, in General Meeting, the number of Directors shall not be less than seven nor more than eleven, including the Chief Executive of the Company and excluding Debenture Directors (if any) and Technical Directors (if any) and a Director appointed by a creditor of the Company if such creditor has the right in law to appoint Directors on the Board of the Companies to whom it has extended credit.



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First Directors.

88. The persons hereinafter named shall be the first Directors of the Company.

- 1 Mr. Mazhar Hussain Puri
- 2 Mrs. Rafia Mazhar
- 3 Mr. Zahid Mazhar
- 4 Mr. Shahid Mazhar
- 5 Mrs. Naila Zahid
- 6 Mrs. Ghazala Shahid
- 7 Mr. Anwar Elahi

Technical Director

89. The Directors shall have power at any time and from time to time appoint any other qualified person or persons as a technical director or directors and such technical director or directors may be appointed only for a number of meeting and/or for a fix period on such special remuneration as may be determined by the Board of Directors. The number of such directors appointed shall not be counted within the minimum or maximum fixed for the number of directors in the Articles.

Debenture Directors.

90. Any Trust Deed for securing debentures or debenture stock may, if so arranged provide for the appointment from time to time, by the trustees thereof or by the holders of the debenture stock, or some person or persons to be a Director or Directors of the Company and may empower such trustees or holder of debentures or debenture stock from time to time remove any Directors so appointed. The Directors under this Article is herein referred to as the "Debenture Director". The Debenture Director shall not be bound to hold any qualification shares and shall not be liable to retire or be removed by the Company. The Trust Deed may contain such ancillary provisions as may be arrange between the Company and the Trustees and such provisions herein contained.

- (a) During such time as Investment Corporation of Pakistan ("ICP") is a shareholder/debenture holder or redeemable capital of the Company or bridging advance is outstanding against the Company. ICP shall continue to have the right from time to time to appoint one person as a director of the Company and to remove such person from the office and on



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a vacancy being caused in such office for any reason whether by resignation removal, death or otherwise to appoint another person to fill up the vacancy. The Director so appointed shall be called "ICP Director". ICP Director shall not be required to hold any qualification shares and shall have the same right and Privileges and be subject to same responsibilities as other directors of the Company.

- (b) During such time as Bankers Equity Limited ("BEL") is a shareholder/debenture holder or the Company or its bridging advance is outstanding against the Company. BEL shall continue to have the right from time to time to appoint one person as a Director of the Company and to remove such person from the office and on a Vacancy being caused in such office for any reason whether by resignation removal, death or otherwise to appoint another person to fill up the vacancy. The Director so appointed shall be called "BEL" Director shall not be required to hold any qualification shares and shall have the same rights and privileges and be subject to same responsibilities as other Directors of the Company.
- (c) The Industrial Development Bank of Pakistan will have the right to appoint one person on the Board of Directors of the Company and to replace such person from time to time. The Nominee of Industrial Development Bank of Pakistan shall not be bound to hold any qualification shares and Article 91 shall not apply to him.
- (d) The Pakistan Industrial Credit and Investment Corporation will have the right to appoint one person on the Board of Directors of the Company and to replace such person from time to time. The nominee of Pakistan Industrial Credit and Investment Corporation shall not be bound to hold any qualification shares and Article 91 shall not apply to him.

Qualification of Directors.

91. (a) The qualification of a Director shall be the holding of shares in the Company of the nominal value of Rupees five thousand at least in his own name but a Director representing Company or a Corporation holding shares or the nominal value of Rupees five thousand or more shall require no share qualification.



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- (b) Save as provided in Section 187 of the Ordinance no person shall be appointed as a Director unless he is a member.
92. If a Director fails to acquire his share qualification within two months, he shall cease to be a Director forthwith but all acts done by him during the interim period of his office as Director shall be held to have been properly done.
93. The remuneration of a Director (other than a regularly paid Managing Director of a full time working Director) shall be Rupees 500/= for every meeting of the Board attended by him.
- Reimbursement of expenses. 94. The Directors may repay to any Director all such reasonable expenses as he may incur in Pakistan in attending and returning from the meetings of the Directors, or Committee of Directors, or which he may otherwise incur in or about the business of the Company in addition to the Directors fee.
- Special remuneration to Directors for performing extra duties. 95. Any Director appointed to any executive office including for the purpose of this Article the office of Chairman or Chief Executive or to serve on any committee or to devote special attention to the business of the Company or otherwise performs services which in the opinion of the Directors, may be paid such extra remuneration by way of salary, fees, percentage of profits or otherwise as shall from time to time be determined by the Board (Finance division notification S.R.O. 572(1)/82 dated 16-06-82.
96. The office of a Director shall ipso facto, be vacated if:-
- (a) he becomes ineligible to be appointed a Director on any one or more of the grounds enumerated as follows, that is to say, be :
- (i) is a minor,
 - (ii) is of unsound mind,
 - (iii) has applied to be adjudicated as an insolvent and his application is pending.
 - (iv) Is an un discharged insolvent,
 - (v) Has been convicted by a court of Law for an offence involving moral turpitude,



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- (vi) Has been debarred from holding such office under any provision of the ordinance.
- (vii) Has betrayed lack of fiduciary behaviour and a declaration to this effect has been made by the Court under Section 217 of the ordinance at any time during the preceding five years.
- (viii) Is not a member.

Provided that this clause (viii) shall not apply in the case of:-

- (i) a person representing the Government or an institution or authority which is a member..
 - (ii) a whole time Director who is an employee of the Company.
 - (iii) a Chief Executive or
 - (iv) a person representing a creditor.
- (j) he absents himself from three consecutive meeting of the Directors or from all the meetings of the Directors for a continuous period of three months, whichever is the longer, without leave or leave of absence from the Director. The appointment of an Alternate is appointed during such Directors absence.
- (k) he or any firm or which he is a partner or any private company of which he is a Director.
- (i) without the sanction of the Company in General Meeting accepts or holds any office of profit under the Company other than that of Chief Executive or a legal or technical adviser or a banker; or
 - (ii) accepts a loan or guarantee from the Company in contravention of section 195 of the ordinance (if applicable in terms of that section.)
- (l) he resigns his office by notice in writing to the Company.



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Directors may contract with Company.

- (m) If he fails to obtain within the time specified in these Articles, or at any time thereafter causes to hold the share qualification, if any, necessary for his appointment.

97. Subject to the provisions of the Ordinance, a Director may hold any other office or place of profit under the Company's (other than that of an Auditor) and may act in a professional capacity for the Company and receive remuneration in respect thereof in conjunction with his office of Director and subject as aforesaid no shall be disqualified from his office by contracting with the Company either as vendor, purchaser, agent, broker or otherwise, nor shall any such contract or arrangement entered into by or on behalf of the Company in which any Director shall be in any way interested be avoided; nor shall any Director so contracting or being so interested, be liable to account to the Company for any such contract or arrangement by reason only of such Director holding that office, or of the fiduciary relation thereby established, but it is declared that the nature of his interest must be disclosed by him at the meeting of the Director at which the contract or arrangement is determined on, if his interest exists, or in any other case at the first meeting of the Directors after the acquisition of his interest or the making of the contract or arrangement and that no Director shall, save as permitted by Section 216 of the ordinance, as a Director vote in respect of any contract or arrangement in which he is so interested, nor shall his presence count for the purposes of the quorum at the time of such vote, and if he does so vote, his vote shall not be counted. A general notice that any Director is a director or a member of any specified Company or is a member of any specified firm and is to be regarded as interested in any subsequent transaction with such company or firm shall be sufficient disclosure under this Article, and after such general notice it shall not be necessary to give and special notice relating to any particular transaction with such Company or firm.

Directors of Company may be directors of any other Company or subsidiary Company

98. Any Director of the Company may be or become a member of or Director of any other Company, public or private, or a Company promoted by the Company or in which it may be interested as vendor, shareholder, or otherwise or a partner in any firm and subject to the provisions of Section 188 of the Ordinance a Director may hold any other office or place of profit under the Company in conjunction with his office of Director and on such terms as to remuneration and otherwise as the Directors shall arrange.



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APPOINTMENT AND REMOVAL OF DIRECTORS

99. A Director, elected under Section 178 of the Ordinance shall hold office for a period of three years unless he resigns, becomes disqualified for being a Director.
- Directors to fix number of DIRECTORS to be elected. 100. The Directors of the Company shall subject to Section 174 of the Ordinance and subject to these Articles may increase the number of elected Directors of the Company not later than thirty-five days before the convening of the General Meeting at which Directors are to be elected, and the number so fixed shall not be changed except with the prior approval of a General Meeting of the Company.
- Retiring Directors. 101. Retiring Directors shall subject to compliance with the provision to Section 177 of the Ordinance, continue to perform their functions until their successors are elected. A retiring Director shall be eligible for reelection.
- Notice of Directors election. 102. The notice of the General Meeting at which directors are proposed to be elected shall specify the number of elected directors and the names of the retiring Directors.
- Notice of candidature of office of directors. 103. Any person who seeks to contest an election to the office of Director shall, whether he is a retiring Director or otherwise, file with the Company, not later than fourteen days before the date of the meeting at which elections are to be held, a notice of his intentions to offer himself for election as a Director, provided that such person may withdraw such notice before holding of the elections.
- Notice to members regarding Directors, nomination. 104. All notices received by the Company in pursuance of proceeding Article shall be transmitted to the members not later than seven days before the date of the meeting in the manner provided for sending of a notice of General Meeting in the normal manner as provided in Section 178 of the ordinance.
- Election of Directors 105. a) The Directors of a Company, unless the number or person who offer themselves to be elected is not more than the number of Directors fixed, be elected by the members of the Company in General Meeting in the following manners:-
i) A member shall have such number of votes as is equal to the product of the number of voting shares held by him and the number of Directors to be elected;



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- ii) a member give all his votes to single candidate or divide them between more than one of the candidates in such manner as he may choose; and
 - iii) the candidate who gets the highest number of votes shall be declared elected as director and then the candidate who gets the next highest number of votes shall be so elected and so on until the total number of Directors to be elected has been so elected.
- b) If the number of persons who offer themselves for election is equal to the number of Directors fixed than all of them shall be declared elected.
 - c) If the number of person who offer themselves for election is less than the number of Directors fixed than all of them shall be declared elected and the remaining vacancies shall be filled in by the Directors.

Creditors may nominate Directors.

106. In addition to the Directors elected or deemed to have been elected by shareholder, the Company may have Directors nominated by the Company's creditors or other special interests by virtue of contractual arrangements, as provided in the Ordinance.

Filing of casual vacancy.

107. Any casual vacancy occurring among the Directors may be filled up by the Directors and the person so appointed shall hold office for the remainder of the terms of the Director in whose place he is appointed.

Removal of Director.

108. The Company in General Meeting may by Resolution, remove a Director or reduce the number of Directors, provided that a resolution for removing a Director shall not be deemed to have been passed unless the number of votes cast in favour of such a resolution is not less than :-
- (i) the minimum number of votes that were cast for the election of a Director at the immediately preceding election of Directors, if the resolution relates to removal of a Director elected in the manner provided in sub section (5) of Section 178 ; or
 - (ii) the total number of votes for the time being computed in the manner laid down in Article 105 divided by the number of Directors for the time being, if the resolution relates to removal of a Director appointed under Section 176 or Section 180.



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Resignation of Directors.

109. The Director may resign from his office upon giving notice in writing to the Company of his intention to do so and such resignation shall take effect immediately.

Appointment in place of Director removed.

110. The Directors shall have powers, at any time, and from time to time, to appoint any other person in place of Director removed from office under Article 108 and without prejudice to the powers conferred on Directors to appoint additional or alternate Director or to fill in any casual vacancy.

ALTERNATE DIRECTORS

111. Director may with the approval of the Board of Directors appoint any Member of the Company to be his alternate Director during an absence of not less than three months from the district in which meetings of the Directors are ordinarily held and such appointment shall have effect and such appointee while he holds office as an alternate Director shall be entitled to notice of meeting of Directors and to attend and vote thereat accordingly and generally to exercise all the rights and functions of such absent Director (including the rights and function of the Chief Executive if he shall be the appointer) subject to any limitations or restrictions in the instrument appointing him, but he shall not require any qualification and he shall ipso facto vacate office if and when his appointer returns to the said district or vacate office as a Director or removes him by notice in writing addressed to the Company.

Responsibility of substitute.

112. An alternate Director shall alone be responsible to the Company for his own acts and defaults and he shall not be deemed to be the agent of or for the Director appointing him. The remuneration of as alternate Director shall be payable out of the remuneration payable to the Director appointing him and shall consist of such portion of the last mentioned remuneration as shall be agreed between the Alternate Director and the Director appointing him.

Alternate Directors entitled to receive notice and to vote.

113. An alternate Director shall in absence of a direction to the contrary in the instrument appointing him, be entitled to receive notice of and to vote at General Meeting of the Company on behalf of his appointer in the same manner as if he had been appointed a general proxy under the provision of these Articles.



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PROCEEDINGS OF DIRECTORS

- Meeting of Directors. 114. The Directors shall meet at least twice a year for the dispatch of business, adjourn and otherwise regulate their meeting and proceedings as they think fit.
- Quorum 115. The quorum of Directors meeting shall consist of not less than one-third of their number or four whichever is greater including alternate Director present in person at the Directors meeting. A meeting of the Directors at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under these Articles for the time being vested in or exercisable by the Directors generally.
- Notice of Directors Meeting 116. a) The Directors may at any time convene a meeting of Directors.
b) It shall not be necessary to give notice of a meeting of the Directors to any Director for the time being absent from Pakistan.
c) The accidental omission to give notice, or the non-receipt of notice by any director shall not invalidate the proceedings at the meeting.
117. The Director may elect a chairman and determine the period for which he is to hold office but if no such Chairman is elected or if at any meeting the Chairman is not present within ten minutes after the time appointed for holding to same or is unwilling to act as Chairman, the Director's present may choose any one of the Directors present to be Chairman of that meeting.
- Decisions at Board Meetings. 118. Any question which shall arise at any meeting of the Directors shall be decided by a majority of votes and in case of an equality of votes, the Chairman there at shall have a casting vote in addition to his own vote as a Director. If all the Directors except one are disqualified from voting, the matter should be decided the general meeting.
- Proceedings in case of vacancies. 119. The continuing Directors may act notwithstanding any vacancies, but if and so long as the number of Directors is reduced below the member fixed by or in accordance with these Articles, the continuing Directors or Director may act for the purposes filling up vacancies or of summoning General Meeting of the Company, but not for other purpose. If there be no Directors or Director able to willing to act, then any two members may summon a General Meeting for the purpose of appointing Directors.



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Appointment of Directors.

120. The Directors may appoint committee(s) and may delegate any of their powers to such committee(s) consisting of such member or members as they think fit, and they may from time to time revoke or discharge any such committee(s) either wholly or in part, and either as to persons or purposes. Any Committee so formed shall, in the exercise of the powers so delegated, conform to any regulations and in fulfillment of the purposes of their appointment, but not otherwise, shall have the like force and effect as if done by the Board. The Board may from time to time fix the remuneration to be paid to any member or members of their body constituting a Committee, in terms of this Article, and may pay the same.

Proceeding of Committee

121. The meetings and proceedings of any such committee consisting of two or more members, shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors, so far as the same are applicable thereto, and are not superseded, by any regulations made by the Directors under the last preceding Article.

Resolution by circular.

122. A resolution without any meeting of Directors or of a Committee of Directors appointed under these Articles and evidenced by writing under the hands of a majority or Directors or members of the Committee for the time being present in Pakistan shall, subject to the provisions of the ordinance be as valid and effectual as a resolution duly passed at a meeting of the Directors, or of such committee called and held in accordance with the provisions of these Articles. A statement signed by a Director or other person authorized in that behalf by the Directors, certifying the absence from Pakistan of any Director shall for the purposes of this Article be conclusive.

Validity of acts of Directors in spite of some.

123. All acts done by any meeting of Directors, or of a committee of Directors, or by any person acting as a Director shall as regards all persons dealing in good faith with the Company, notwithstanding that there was some defect in the appointment of any such Director or person acting as aforesaid, or that they or any of them were disqualified or had vacated office, or were not entitled to vote, be as valid as if every such person had duly appointed and was qualified and had continued to be a Director and had been entitled to vote.



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General Power of
Company vested in
Directors.

124. The Control of the Company and of the business of the Company shall be vested in the Directors who, in addition to the power and authorities by these presents or otherwise expressly conferred upon them, may exercise all such powers and do all such acts and things as may be exercised or done by the Company and are not hereby or statute law expressly directed or required to be exercised or done by the Company in General Meeting but subject nevertheless to the provisions of any statute law and of their presents and to any regulations not being inconsistent with these presents from time to time made by the Company in General Meeting; provided that no regulation so made shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

Specific Powers
given to Directors.

125. Without prejudice to the general powers conferred by the last preceding Article and the other powers conferred by these presents, it is hereby expressly declared that the Directors shall have the following powers, that is to say power:-

- (1) To pay the cost charges and expenses preliminary and incidental to the promotion, formation establishment and registration of the Company.
- (2) To purchase or otherwise acquire for the Company any property, rights or privileges which the Company is authorized to acquire at such price and generally on such terms and conditions as they think fit and, subject to the provisions of companies ordinance, to sell, let, exchange or otherwise dispose of absolutely or conditionally any part of the property, privileges and undertaking of the Company upon such terms and conditions, and for such consideration as they may think fit.
- (3) At their discretion to pay for any property, rights or privileges acquired by or services rendered to the Company either wholly or partially in cash or in shares, bonds, debentures or other securities of the Company, and any such shares may be issued either as fully paid thereon as may be agreed upon, and such bonds debenture or other securities may be either specially charged upon all or any part to the property of the Company and its uncalled capital or not so charged.
- (4) To secure the fulfillment of any contracts, agreements or engagements entered into by the



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Company by mortgage of all or any of the property of the Company and its unpaid capital for the time being or in such other manner as they may think fit.

- (5) To appoint any person or persons (whether incorporated or not) to accept and hold in trust for the Company any property belonging to the Company or in which it is interested or for any other purposes and to execute and do all such deeds, documents and things as may be requisite in relation to any such trust and to provide for the remuneration of such trustee or trustees.
- (6) Subject to the provisions of Section 196 of the Ordinance to institute, conduct, defend, compound and abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company and also to compound and allow time for payment or satisfaction of any claims or demands by or against the Company.
- (7) To refer any claims or demands by or against the Company to arbitration and observe and perform the awards.
- (8) To make and give receipts, releases and other discharges for money payable to the Company and for the claims and demands of the Company.
- (9) To act on behalf of the Company in all matters relating to bankrupts and insolvents.
- (10) Subject to the provisions of Sections 208 and 209 of the Ordinance, to invest and deal with any of the moneys of the Company not immediately required for the purposes thereof upon such securities (not being shares in this Company) and in such manner as they think fit, and from time to time to vary or realize such investment.
- (11) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability for the benefit of the Company such mortgages of the Company's property (present and future) as they think fit, and any such mortgage may contain a power of sale and such other powers, covenants and provisions as shall be agreed upon.



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- (12) To give to any Director or any person employed by the Company as remuneration for their services as such a commission on the profits of any particular business or transaction or a share in the general profits of the Company and such commission or share or profits shall be treated as part of the working expenses of the Company.
- (13) From time to time make, vary and repeal byelaws for the regulation of the business of the Company, its officers and servants.
- (14) Subject to the provisions of Section 227 of the Ordinance, before recommending any dividends to get a side portions of the profits of the Company to form a Fund to provide for such pensions, gratuities, or compensation; or to create any provident or Benefit Fund in such or any other manner as the Directors may deem fit.
- (15) To make and alter rules and regulations concerning the time and manner of payment of the contributions of the employees and the Company respectively to any such Fund and the accrual, employment, suspension and forfeiture of the benefits of the said fund and as the Directors shall from time to time think fit.
- (16) To pay and charge to the capital account of the Company any interest lawfully payable there out under the provisions of the Ordinance.
- (17) To insure and keep insured and keep insured against loss or damage by fire or otherwise for such period and to such extent as they may think proper all or any part of the buildings, machinery, goods stores, produce and other movable and immovable property of the Company either separately or conjointly; also to insure all or any portion of the goods, produce, machinery and other articles dealt with, imported or exported by the Company and to sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power.
- (18) To open accounts with any bank or banks or with any Company firm or individual and to pay money into or draw money from any such account from time to time as the Directors may think fit.



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- (19) To attach to any shares to be issued as the consideration for any contract with or property acquired by the Company, or in payment for services rendered to the Company, or to the transfer thereof such condition as they think fit.
- (20) To accept from any member on such terms and conditions as shall be agreed a surrender of his shares or stock or any part thereof.
- (21) To determine from time to time who shall be entitled to sign on the Company's behalf, bills notes, receipts acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents.
- (22) To provide for the welfare of employee or employees of the Company and the wives, widows and families or the dependents or connections of such persons, by building, or contributing to the building or houses, dwellings, or chawls or by grants of money, pensions allowances, bonus or other payments or by creating and from time to time subscribing or contributing to provident fund and other associations, institutions, funds or trusts and providing or subscribing or contributing towards places of institution and recreation, mosques, schools, colleges, universities, hospitals and dispensaries, medical and other attendance and other assistance as the Directors shall think fit, and to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or objects which shall have any moral or other claim to support or aid by the Company either by reason of locality or operation or of public and general utility of otherwise.
- (23) Before recommending any dividend to set aside out of the profits of the Company such sums as they may think proper for Depreciation Fund, Reserve Fund or Sinking Fund or any special fund to meet contingencies or to repay debentures or debenture stock, or for special dividends or for equalizing dividends or for repairing, improving, extending and maintaining any part of the property of the Company, and for such other purposes (including the purposes referred to in the preceding clause) as the Directors may, in their absolute discretion think conducive to the interests of the Company, and



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invest the several sums so set aside or so much thereof as are required to be invested upon such investments (subject to the restrictions imposed by section 195 and other provisions of the Ordinance as the Directors may think fit, and from time to time to deal with and vary such investments and dispose of and apply and expend all or any part thereof for the benefits of the Company, in such manner and for such purpose as the Directors (subject to such restrictions as aforesaid) in their absolute direction think conducive to the interests of the Company notwithstanding that the matters to which the Directors apply or upon which they expend the same, or any part thereof may be matters to or which the capital money of the Company might rightly be applied or expended, and to divide the reserve Funds into such special funds as the Directors may think fit, and to employ the assets constituting all or any of the funds, including the Depreciation Fund, in the business of the Company or in the purchase or payment of debentures or debenture stock and that without being bound to pay interest on the same, separate from the other assets with power, however to the Directors at their discretion to pay or allow to the credit of such fund interest at such rate as the Directors may think proper, not exceeding nine percent per annum.

- (24) To appoint and at their discretion remove or suspend managers, secretaries, treasurers, officers, clerks, agents and servants for permanent, temporary or special services as they may from time to time think fit, and to determine their powers and fix their salaries or emoluments and require security in such instances and to such amounts as they may think fit. And also without prejudice as aforesaid from time to time to provide for the management and transaction of the affairs of the Company, in any specified locality in Pakistan or elsewhere in such manner as they think fit.
- (25) To comply with the requirements of any local law which in their opinion it shall in the interests of the Company be necessary or expedient to comply with.
- (26) From time to time and at any time to establish any Local Boards or branch offices for managing the affair of the Company in any special locality in Pakistan or elsewhere and to appoint persons to be members of any Local Boards, and to fix their



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remuneration. And from time to time and at any time delegate to any person so appointed any of the powers, authorities and discretion for the time being vested in the Directors, other than their power to make calls and to authorize the members for the time being of any such Local Board, or any of these to fill up any vacancies, and any such appointment of delegation may be made on such terms, and subject to such conditions as the Directors may think fit and the Directors may at any time remove any person so appointed, any may annual or vary any such delegation.

- (27) At any time and from time to time by powers of attorney to appoint any person or persons to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretion (not exceeding those vested in and exercisable by the Directors under these presents) and for such period and subject to such conditions as the Directors may from time to time think fit and any such appointment (if the Directors think fit) be made in favour of the members or any of the members of any Local Board established as aforesaid or in favour of any Company of the members Directors, nominees or managers of any Company, or firm or otherwise in favour of any fluctuating body or persons whether nominated directly or indirectly by the Directors and any such power of attorney may contain such powers for the protection or convenience of person dealing with such attorneys as the Directors may think fit and may contain powers enabling any such delegate or attorney as aforesaid to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them.
- (28) To enter into all such negotiations and contracts and rescind any vary all such contracts and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company.
- (29) To make, draw endorse sign, accept, negotiate and give all cheques bills of lading drafts, orders, bill of exchange and promissory notes and other negotiable instruments in the business of the Company.



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- (30) To delegate, entrust to and confer from time to time upon the Secretary, a manager or managers or attorney from time to time such of the powers exercisable by the Directors as they may think fit and may confer such powers for such time and to be exercised for such objects and upon such terms and conditions and with such restrictions as they think expedient and they may confer such power either collaterally with or to the exclusion of and in substitution for all or any of the powers of the Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers.
- (31) To delegate all or any of the powers hereby conferred upon them to the Chief Executive, or to the Secretary as they may from time to time think fit.
- (32) Subject to the provisions of the Ordinance to delegate all or any of the powers hereby conferred upon them to the Chief Executive or Committee or the Secretary or any person under power Attorney as they may from time to time think fit, other than the powers to issue debentures.

CHIEF EXECUTIVE AND OTHER APPOINTMENTS

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|---|--|
| Chief Executive | 126. The Directors shall appoint as provided in the Ordinance, and shall continue in the office of the Chief Executive of the Company for three years with whatever name called, in whom shall vest the powers and functions in relation to the management and administration of the affairs of the management and administration of the affairs of the Company subject to the general supervision and control of the Directors. |
| Remuneration of Chief Executive. | 127. The Chief Executive so appointed shall hold office on such terms as the Directors may determine and shall, be paid remuneration as may be deemed fit by the Directors from time to time subject to the provisions of the Ordinance. |
| Power of Company vested in Chief Executive and Directors. | 128. (a) The powers and functions in relation to management and administration of the affairs of the Company shall vest in the Chief Executive of the Company and the Chief Executive may exercise all such powers and do all such acts and things as may be exercised or done by the Company and are not hereby or by statute law expressly directed or required to be exercised or done by the Company in General Meeting |



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but, subject to the provisions of any law and of these presents and to any regulations not being inconsistent with these presents, from time to time made by the Company in General Meeting by special resolutions. Provided that no regulation so made shall invalidate any prior act of the Chief Executive and of the other Directors which would have been valid if such regulations had not been made.

(b) Subject to the general supervision of the Directors, the Chief Executive shall have the powers of engagement and of dismissal of managers, engineers, officers, clerks, labours, workers, employees and the general discretion of the management of the business of the Company with full power to do acts, matters, and things deemed necessary, proper and expedient for carrying on the business affairs and concerns of the Company including the power to make such investment of the Company's funds as he shall think fit and to make and sign all contracts and to draw, sign, accept endorse and negotiate, on behalf of the Company all bills of exchange, promissory notes, hundies, cheques, drafts, Government Promissory Notes and other Government securities and instruments. All moneys belonging to the Company shall be paid to such bankers as the Directors shall deem expedient and all receipts for money paid to the bank may be signed by the Chief Executive on behalf of the Company whose receipt shall be an effectual discharge for the money stated therein to have been received. The Chief Executive may delegate all or any of the powers to such other directors, managers, officers, agents or other person with powers of Attorney as he deems fit and expedient with a power to revoke such power at pleasure.

Power to appoint Chief Executive and to Appoint Directors to other offices.

129. Without thereby prejudicing the appointment of the Chief Executive, and the position, rights and powers of such Chief Executive by virtue of any agreement entered into between him and the Company, the Directors may, from time to time, appoint one or more of their body to hold or continue in the office of Manager or Legal or Technical Advisor or any other office of profit under the Company and may procure any one or more of their number to hold or continue in any office or place of profit under any other Company which is a subsidiary of or otherwise associated with this Company as they may decide, and for such period as the Directors shall think fit, and the Directors may also from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office



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and appoint another or others in his or their place or places.

To what provisions
Chief Executive
will be subject.

130. A Chief Executive shall, if he ceases to hold the office of Director from any cause, ipso facto cease to be a Chief Executive, provided that if a Chief Executive shall retire under these Articles and shall be reelected or reappointed at the meeting at which he retires but he shall not thereby be deemed to have ceased to hold the office of the Chief Executive for the purpose of this Article.

Remuneration of
Chief Executive or
Director.

131. The remuneration of a Chief Executive or Director holding any office as mentioned in these Articles shall from time to time be fixed by the Directors, by way of fixed salary, commission, or dividend, or such part of profits or turnover of the Company or any other Company in which the Company is interested, or by participation in any such profits, or all of these modes, subject to the provisions of the Ordinance.

Additional Powers
and duties of Chief
Executive.

132. The Directors may from time to time, and in addition to the powers conferred by these Articles entrust to and confer upon a Chief Executive for the time being such of the powers exercisable under these presents by the Directors as they may think fit, other than the power to issue debentures, and may confer such power for such time, and to be exercised for such objects and purposes, and upon such terms and conditions, and with such restrictions as they think expedient and they may confer such power, either collaterally with, or to the exclusion of, and in substitution for, all or any of the powers of the Directors in that behalf; and may from time to time subject to the terms of any Agreement between the Company and such Chief Executive, revoke, withdraw, alter or vary all or any of such powers.

SECRETARY

Secretary.

133. The Board shall appoint a Secretary of the Company who shall perform such functions and duties as are required in these Articles or as may be directed by the Board.

THE SEAL

Common and
official Seal.

134. (a) The Chief Executive shall provide for the safe custody of the Seal and subject to the provisions herein before contained as for the signature to the certificate of title to shares in with Company, the Seal shall never be used except by the authority of the Directors and subject as aforesaid two Directors at least shall sign every instrument to which the seal is affixed.



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(b) The Director may provide for the use in any territory, district or place not situated in Pakistan, of an official Seal which shall be a facsimile of the Common Seal of the Company, with the addition of its face of the name of every territory, district or place where it is to be used. The provisions of Section 213 of the Ordinance shall apply to the use of the official seal.

MINUTES AND BOOKS

Minutes

135. The Directors shall cause minutes to be made in books be provided for the purposes :-

- (a) of all appointments of officers, Committees.
- (b) of all orders made by the Directors and the Committee of Directors.
- (c) of the names of the persons present at each meeting of the Company and of the Directors and of any Committee of Directors ; and
- (d) of all resolutions and proceedings at all meeting of the Company and of any clause of members of the Company and of the Directors and of committees of Directors.

Signing of Minutes.

136. The minutes of any meeting of the Directors or of any Committee or of the Company, if purporting to be signed by the Chairman of such meeting or by the Chairman of the next succeeding meeting shall be conclusive evidence of the proceedings until the contrary is proved. Every meeting of the Directors of the Company in respect of the proceedings whereof minutes have been so made shall be deemed to have been duly called and held.

Keeping of registers etc.

137. The Directors shall duly comply with the provisions of the Ordinance in particular the provisions in regard to keeping a register of Directors and other officers, a register of members, in regard to the production and furnishing of copies of such registers.

Form of registers etc.

138. Any register, index, minute book of account or other book required by these Articles or by the Ordinance to be kept by or on behalf of the Company may be kept either by making entries in bound books are not use, the Directors shall take adequate precautions for guarding against falsification and facilitating its discovery.



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Powers to
authenticate
documents.

139. Subject to the provisions of Section 241 of the Ordinance the Chief Executive or any Director, or the Secretary or any authorized officer shall have the power to authenticate any documents effecting the constitution of the Company and any resolution passed by the members or the Directors, and any books records, documents and accounts relating to the business of the Company, and to certify copies thereof or extracts there from; where any book, records, documents or accounts are kept elsewhere other than at the Registered office, the authorized officer shall authenticate the same.

RESERVES AND CAPITALISATION OF PROFITS

Reserves.

140. The Directors may before recommending any dividend, set aside such portion of the profits of the Company as they think fit as reserves which shall, at the discretion of the Directors, be allowed for meeting contingencies or for repairing, or maintaining any of the property of the Company, and for such other purposes of the Company as the Directors in their absolute discretion think conducive to the interests of the Company and may invest the several sums so set aside upon such investment (other than shares of the Company) as they may think fit, and from time to time deal with and vary such investment, and dispose of all or any part thereof for the benefit of the Company, and may divide the reserve or reserves in to such special funds as they think fit, with full power to employ the reserve or reserves or any part thereof in the business of the Company and that without being bound to keep the same separate from the other assets.

Depreciation Fund.

141. The Director may, from time to time, before recommending any dividend, set apart any and such portion of the profits of the Company, as they think fit, as a Depreciation Fund applicable at the discretion of the Directors and as may be allowed by law, for providing against any depreciation in the investment of the Company or for re-buildings, restoring, replacing or for altering any part of the buildings, works, plant; machinery, or other property of the Company destroyed, or damaged by fire, flood, storm, tempest, earthquake, accident, riot, wear and tear, and any other causes whatsoever or for repairing, altering or keeping in good condition the property of the Company or for extending or enlarging the building, machinery and property of the Company with full power to employ the assets constituting such Depreciation Fund in the business of the Company, and that without being bound to keep the same separate from the other assets.



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Investment of money.

142. All moneys carried to the Reserves and / or Depreciation Fund, respectively, shall nevertheless remain and be profits of the Company, applicable subject to due provision being made for actual loss or depreciation, for the payment of dividends and such money and all the other moneys of the Company not immediately required for the purposes of the Company may be invested by the Directors in or upon such investments or securities as they may select or may be used as working Capital or may kept at any Bank on deposit or otherwise as the Directors may from time to time think proper.

Power to capitalize profits.

143. The Company may, upon the recommendation of the Directors by Ordinary Resolution resolve that it is desirable to capitalize any sum standing to the credit of any of the Company's reserve accounts (including any share premium account and any capital redemption reserve fund) or any sum standing to the credit of profit and loss account or otherwise available for distribution, and accordingly that the Directors be authorized and directed to appropriate the sum resolved to be capitalized to the members in the proportions in which such sum would have been divisible amongst them had the same been applied or been applicable in paying dividends, and to apply such sum on their behalf in paying up in full un- issued shares or debentures of the Company of a nominal amount equal to such sum, such shares or debentures to be allotted and distributed credited as fully paid up to and amongst such members in the proportion aforesaid.

Implementation of resolution to capitalize.

144. Whenever such a resolution as aforesaid shall have been passed, the Directors shall make all appropriations and applications of the sum resolved to be capitalized thereby and all allotments and issued of fully paid shares or debentures (if any), and generally shall do all acts and things required to give effect thereto, with full power to the Directors to make provision by payment in cash in accordance with the provision to sub-section (2) of Section 86 of the Ordinance for the case of shares or debentures becoming distributable in fractions, and also to authorize any person to enter on behalf of all the members interested into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up of any further shares to which they may be entitled upon such capitalization, and agreement made under such authority shall be effective and binding on all such members.



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DIVIDENDS

- Rate and priority of dividend. 145. The profits of the Company which may have been from time to time determined to be divided among the members; in respect of any year or other period shall be divided proportionately among the holders of ordinary shares. All dividends shall be declared and paid according to the amounts paid up/or credited as paid up on the shares in respect whereof the dividend is paid. All Dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the share during any portions of the period in respect of which the Dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date, such share shall rank for dividend accordingly.
- The Company may declare a dividend. 146. The Company in Annual Meeting may, subject to any stipulations to the contrary contained in any agreement entered into by the Company and any other person, declare a dividend to be paid to the member according to their rights and interests in the profits.
- Interim dividend. 147. Whenever in their opinion the profits of the Company permit, the Directors may declare an interim dividend.
- Bonus. 148. If and whenever any bonus on shares is declared out of profit, and whether alone or in addition to any dividend thereon, the bonus shall for all purposes, whatsoever, be deemed to be a dividend on the shares.
- Dividend not to be larger than recommended by the Directors. 149. No larger dividend shall be declared than is recommended by the Directors. Subject to Section 248(2) of the Ordinance, no dividend shall be paid other side than out of the net profits of the year or any other undistributed profits of the Company.
- Dividends to joint holders. 150. If several persons are registered as joint holders of any share, any one of them may give effectual receipts for any dividend payable on the shares.
- Notice of dividend and to its payment. 151. Notice of any dividend that may have been declared shall be given in manner herein after mentioned to the persons entitled to share therein and shall be paid within the period as fixed under Section 250 and 251 of the Ordinance.
- No interest on dividend. 152. No dividend shall bear interest against the Company.



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- Debt may be deducted. 153. The Directors may retain any dividend on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.
- Unclaimed dividend. 154. All dividend unclaimed after having been declared may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed.
- Effect of transfer. 155. A transfer of shares shall not pass to rights to any dividend declared thereon before the registration of the transfer.
- Retention in certain cases. 156. The Directors may retain the dividends payable upon shares in respect of which any person is under the Transmission Article entitled to become a member or which any person under the Article is entitled to transfer until such person shall become a member in respect thereof or shall duly transfer the same.
- Dividend payable by cheque. 157. Subject to the provisions of the Ordinance, any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address of the member or person entitled thereto, or if several persons are registered as joint holders of the share or are entitled thereto in consequence of the death or insolvency of the holder, to any one of such person or to such persons and such address as such persons may by writing direct, every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders, or person or persons entitled to the share in consequence of the death or insolvency of the holder, may direct, and payment of the cheque, if purporting to be endorsed, shall be a good discharge to the Company, every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.

ACCOUNTS

- Books to be kept. 158. The Directors shall cause to be kept proper books of account with respect to :
- (a) All sums of moneys received and expended by the Company and the matters in respect of which the receipt and expenditure take place :
 - (b) All sales and purchase of goods by the Company :



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- (c) The sales and purchase of goods by the Company:
- (d) Any other statutory requirement.
- Where books to be kept. 159. The books of account shall be kept at the office or at such other place as the Board thinks fit, and shall be open to inspection by any Director during business hours.
160. The Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books or papers or the Company or any of them shall be open to the inspection of the Members not being Directors, and no Member (not being a Director) shall have any right of inspecting any account or book or papers or documents of the Company except as conferred by law or authorized by the Board.
- Annual Account. 161. At all ordinary general meetings the Board shall lay before the Company a Balance Sheet and Profit and Loss Account since the preceding account, made up to a date not earlier than the date of the meeting by more than six (6) months, subject to the right of the Authority to extend the period for any special reason by a period not exceeding three (3) months under Section 233(1) of the Ordinance.
- Profit and Loss Account. 162. The Profit and Loss Account shall, subject to the matters referred to in Section 234 of the Ordinance, show, arranged under the most convenient heads, the amount of gross income, distinguishing the several sources from which it has been derived, and the amount of gross expenditure, distinguishing the expenses of the establishment salaries and other like matters. Every item of expenditure fairly chargeable against the year's income shall be brought into account, so that a just balance of profit and loss may be laid before the meeting and, in cases where any item of expenditure which may in fairness be distributed over several years has been incurred in any one year, the whole amount of such item shall be stated. With the addition of the reasons why only a portion of such expenditure is charge against the income of the year.
- Directors Report. 163. Every such Balance Sheet and Profit and Loss Account shall be accompanied by a Report of the Board as to the state of the Company's affairs and as to the amount if any, which they recommend to be paid out of the profits by way of dividend or bonus to the Members, and the amount, if any which they propose to carry to the Reserve



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Fund, General Reserve or Reserve Account shown specifically in the balance sheet or to a Reserve Fund. General Reserve or Reserve Account to be shown in a subsequent balance sheet, together with the matter specified in Section 236(2) of the Ordinance.

Copies to be sent to members.

164. A copy of the Balance Sheet and Profit and Loss Account together with the Reports of the Auditors and the Board, shall at least twenty-one days previously to the meeting at which it is to be laid before the members of the Company be sent to the registered address of every registered holder of shares of the Company and a copy shall also be deposited at the office for the inspection of Members of the Company during a period of at least twenty one (21) days before the meeting.

Compliance with the Ordinance.

165. The Directors shall in all respects comply with the provisions of Sections 230 to 247 of the Ordinance, or any statutory modification thereof for the time being in force.

AUDIT

Appointment of Auditors and their duties.

166. Auditors shall be appointed by the Company and their duties regulated in accordance with Section 252 to 255 of the Ordinance, or any statutory modification thereof for the time being in force.

NOTICE

How notices to be served on members.

167. (a) A notice may be given by the Company to any member either personally or by sending it by post to him to his registered address or (if he has not registered address in Pakistan) to the address, if any within Pakistan supplied by him to the Company for giving of notice to him.

(b) Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the notice and unless the contrary is proved, to have been effected at the time at which the letter would be delivered in the ordinary course of post.

Members resident abroad.

168. If a member has no registered address in Pakistan, and had not supplied to the Company an address in Pakistan for the giving of notice to him, a notice addressed to him advertised in a newspaper circulating in the place where the Registered Office of the Company is situated, shall be



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- deemed to be duly given to him on the day on which the advertisement appears.
- Notice to joint holders. 169. A notice may be given by the Company to the joint holders of a share by giving the notice to the joint holder named first in the registered in respect of the share.
- Notice to persons entitled to transmission 170. A notice may be given by the Company to the persons entitled to a share in consequence of the death or in consequence of the death or insolvency of a member by sending it through the post in prepaid letter addressed to them by name or by any like description, at the address (if any) in Pakistan supplied for the purpose by the person claiming to be entitled, or (until such an address has been so supplied) by giving notice in any manner in which the same might have been given if the death or insolvency had not occurred.
- Notice of General Meeting. 171. Notice of every General Meeting shall be given in the manner hereinbefore authorized to :-
- (a) every member of the Company except those members who having no registered address within Pakistan have not supplied to the Company an address within Pakistan for the giving of notices to them :
 - (b) every person entitled to a share, in consequence of the death or insolvency of a Member, who but for his death or insolvency would be entitled to receive notice of the Meeting.
 - (c) The Auditors of the Company.
- No other persons shall be entitled to receive notice of General Meetings.
- When notice may be given by advertisement. 172. Any notice required to be given by the Company to the members or any of them not expressly provided for by these presents shall be sufficiently given if given by advertisement.
- Notice how to be advertised. 173. Any notice required to be or which may be given by advertisement shall be advertised once in one or more newspapers as required under the Ordinance.
- When notice by advertisement deemed to be served. 174. Any notice given by advertisement shall be deemed to have been given on the day on which the advertisement shall first appear.



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Transfers etc.
bound by prior
notice.

175. Every person who by operation of law, transfer, or other means whatsoever shall become entitle to any shares shall be bound every notice in respect of such shares which previously to his name and address and title to the shares being notified to the Company shall be duly given to the person from whom he derives his title to such shares.

Notice valid though
member deceased.

176. Any notice or documents delivered or sent by post to or left at the registered address of any member in pursuance of these presents shall, notwithstanding such member by the deceased and whether or not the Company have notice of his demise, be deemed to have been duly served in respect of any registered shares whether held solely or jointly with other persons by such members until some other person be registered in his stead and the holder or joint holder thereof and service shall for all purposes of these presents be deemed a sufficient service of such notice or documents on his or her heirs, executors or administrators, and all persons, if any jointly interested with him or her in any such share.

How notice to be
signed.

177. The signature to any notice to be given by the Company may be written or printed.

178. In the event of a winding-up of the Company every member of the Company who is not for the time being in Karachi shall be bound, within eight weeks after the passing of an effective resolution to wind up the Company voluntarily or the making of an order for the winding-up of the Company, to serve notice in writing on the Company appointing some house-holder residing in Karachi upon whom all summons, notices, process, orders and orders and judgments in relation to or under the winding-up of the Company may be served, and in default of such nomination the liquidator of the Company shall be at liberty on behalf of such member to appoint some such person, and service upon any such appointee whether appointed by the member or the Liquidator shall be deemed to be good personal service on such member for all purposes, and where the Liquidator makes any such appointment he shall with all convenient speed give notice thereof to such member by advertisement in some Karachi daily newspaper or by a registered letter sent through the post and addressed to such member at his address as mentioned in the register of members of the Company and such notice shall be deemed to be served on the day following that on which the advertisement appears or the letter is posted. The provision of this Article shall not prejudice the right of the Liquidator of



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the Company to serve any notice or other manner prescribed by the regulations of the Company.

RECONSTRUCTION

Reconstruction.

179. One any sale of the undertaking of the Company, the Directors or the Liquidators on a winding-up may, if authorized by special Resolution, accept fully paid up shares debentures of securities of any other Company, whether incorporated in Pakistan or not either then existing or to be formed for the purchase in whole or part of part of the property of the Company, and the Directors (if the profits of the Company permit), or the Liquidators (in winding-up), may distribute such shares debentures or securities, or any other property of the Company amongst the members without realization, or vest the same in trustees for them, and any special Resolution may provide for the distribution or appropriation of the cash, shares, debentures, securities, benefits or property, otherwise then in accordance with the strict legal rights of the members or contributories of the Company, and for the valuation of any such securities or property such price and in such manner as the meeting may approve, and all holders of shares shall be bound to accept and shall be bound by any valuation or distribution so authorized, and waive all rights in relation thereto, save only in case the Company is proposed to be or is in the course of being wound up, such statutory rights (if any) under section 367 of the ordinance as are incapable of being varied excluded by these presents.

SECRECY

Secrecy.

180. Every Director, Secretary, Manager, Auditor, Trustee, member of a committee, officer, servant, agent, accountant, or other person employed in the business of the Company shall if so required by the Directors before entering upon duties, sign a declaration pledging himself to observe a strict secrecy respecting all transactions of the Company with its customers and the statement of accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by any meeting or by a Court of Law and except as far as may be necessary in order to comply with any of the provision in these presents.



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INDEMNITY

No share holder to enter the premises of the Company without permission.

181. No member or other person (not being a Director) shall be entitled to enter the property of the Company or to inspect or examine the Company's premises or properties of the Company without the permission of the Chief Executive or Directors of the Company for the time being or, to require discovery of or any information respecting and detail of the Company's trading or matter which as or may be in the nature of a trade secret, mystery of trade or secret process or of any matter whatsoever which may relate to the conduct of the business of the Company and which in the opinion of the members of the Company to communicate.

Right of Directors etc. to indemnity.

182. (a) Subject to the provisions of Section 488 of the Ordinance every Director of the Company including the Chief Executive, Secretary, Manager and other officer or employee the Company shall be indemnified by the Company and it shall be the duty of the Directors of the Company to pay out of the funds of the Company all costs, losses and expenses (including traveling expenses which any such Director, Chief Executive, Secretary, Manager, Officer or other employee may incur or become liable to by reason of any contract entered into or act or deed done by him as such Director, Chief Executive, Secretary, Manager, Officer or other employees in the discharge of his duties.

(b) Subject as aforesaid every Director, the Chief Executive, Secretary, the Manager, Auditor or any other Officer of the Company shall be indemnified against any liability incurred by him as such Director, Chief Executive, Secretary, Manager, Auditor or Officer in defending any proceedings whether civil or criminal in which judgment is given in his favour or in which he is acquitted or in connection with any application under the provisions of the Ordinance in which relief is given to him under the provisions of the Ordinance in which relief is given to him by the court.

Directors and other not responsible for acts of others.

183. Subject to the provisions of Section 488 of the Ordinance no Director, Chief Executive, Secretary, Manager, Auditor, or other Officer of the Company shall be liable for the act, receipt, neglect or default of any other Director or officer or for joining in any receipt or other act or for conformity or for any loss or expense happening to the Company through the insufficiency or



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deficiency or title to any property required by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any or the moneys of the Company shall be invested or any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person with whom any moneys, securities or effects, shall be deposited for any loss occasioned by an error of judgment, omission, default or oversight on his part or for any other loss, damage, or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto, unless the same happen through the willful default and neglect of such Director, Chief Executive, Secretary, Manager, Auditor or other Officer of the Company.

WINDING UP

Distribution of assets.

184. If the Company shall be wound up and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid-up capital such assets shall be distributed so that as nearly as may be the losses shall be borne by the members in proportion to the capital paid up or which ought to have been paid up at the commencement of the winding-up on the share held by them respectively. And if in a winding-up the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding-up, the excess shall be distributed amongst the holders of the issued Ordinary share, in proportion to the capital at the commencement of the winding-up, paid up or which ought to have been paid up on the shares held by them respectively. But this Article is to be without prejudice to the right of the holders of shares issued upon special terms and conditions.



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We, the several persons whose names are subscribed are desirous of being formed into a Company in accordance with this Memorandum of Association, and we respectively agree to talk the number of shares in the capital of the Company set opposite to our respective names:-

| Names, Address and Description of Subscribers | Number of Shares Taken by each Subscriber | Signature of Subscriber |
|--|---|-------------------------|
| 1 Mr. Mazhar Hussain Puri 633/2, F.M. 3, Clayton Road, Karachi-5. (Industrialist) | 100 | |
| 2 Mrs. Rafia Sultana 633/2, F.M. 3, Clayton Road, Karachi-5. (Industrialist) | 100 | |
| 3 Mr. Zahid Mazhar 633/2, F.M. 3, Clayton Road, Karachi-5. (Industrialist) | 100 | |
| 4 Mr. Shahid Mazhar, 633/2, F.M. 3, Clayton Road, Karachi-5. (Industrialist) | 100 | |
| 5 Mrs. NailaZahid 633/2, F.M. 3, Clayton Road, Karachi-5. (Housewife) (Industrialist) | 100 | |
| 6 Mrs. Ghazala Shahid 633/2, F.M. 3, Clayton Road, Karachi-5. (Housewife) | 100 | |
| 7 Mr. Anwar Elahi K.D.A. 1, Karachi. (Businessman) | 100 | |
| Total | 700 | |

Karachi, dated this

day of 1983

Names, Addresses
And Description
Of Witness

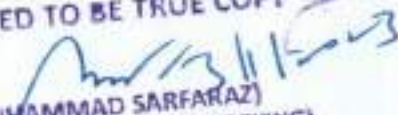
Mushtaq Ahmed Vohra
Mushtaq & Co.,
Chartered Accountants,
Molmi Building,
Shahrah-e-Liaquat, Karachi-2.



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Annexure From Photo Copy (S)

THE HIGH COURT OF SINDH, KARACHI
CERTIFIED TO BE TRUE COPY


(MUHAMMAD SARFARAZ)
J.C. ASSISTANT REGISTRAR (COPYING)

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COMPARING BY/
OFFICE ASSOCIATE


(MUHAMMAD SARFARAZ)
J.C. ASSISTANT REGISTRAR (COPYING)