



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

August 09, 2019

Subject: **Material Information**
(Order for approval of Creditors' Led Scheme of Arrangement under Sections 279 to 283 of the Companies Act, 2017)

Dear Sir,

In accordance with Section 96 of the Securities Act, 2015 and Clause 5.6.1 of the Rule Book of the Exchange, we hereby convey the following information:

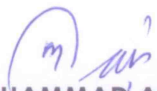
This is with reference to our earlier communications regarding Creditors' Led Scheme of Arrangement filed in the Honorable Lahore High Court ending with letter dated July 31, 2019 intimating announcement of approval of the Scheme, by the concerned Honorable Judge, in the Court.

We are pleased to attach herewith written order issued by the concerned Honorable Judge of Lahore High Court regarding approval of Creditors' Scheme of Arrangement. Please note that certified copy of the Scheme being part of the Order has also been applied and will be provided upon receipt from the Court.

We are also enclosing herewith Disclosure Form in terms of Section 96 of the Securities Act, 2015.

Thanking you.

Yours Sincerely,


MUHAMMAD AWAIS
Company Secretary

C.C:

The Director/HOD (Surveillance and Enforcement Department)
Securities and Exchange Commission of Pakistan
NIC Building, 63 Jinnah Avenue, Blue Area, Islamabad.



**DISCLOSURE FORM
IN TERMS OF SECTION 96 OF THE SECURITIES ACT, 2015**

Name of Company	Azgard Nine Limited
Date of Report	August 09, 2019
Date of earlier event Reported	February 06, 2018, January 31, 2019, June 24, 2019, July 09, 2019 & July 31, 2019
Exact Name of Company as specified in its Memorandum	Azgard Nine Limited
Registered Address of the Company	Ismail Aiwan-i-Science, Off: Shahrh-i-Roomi, Lahore-54600, Pakistan.
Contact Information	Chief Executive Officer/Company Secretary Tel: (+92 42) 35761794-5; Fax: (+92 42) 35761791

Disclosure of inside information by listed Company in terms of Section 96

Order for approval of Creditors' Led Scheme of Arrangement under Sections 279 to 283 of the Companies Act, 2017

This is with reference to our earlier communications regarding Creditors' Led Scheme of Arrangement filed in the Honorable Lahore High Court ending with letter dated July 31, 2019 intimating announcement of approval of the Scheme, by the concerned Honorable Judge, in the Court.

We are pleased to attach herewith written order issued by the concerned Honorable Judge of Lahore High Court regarding approval of Creditors' Scheme of Arrangement. Please note that certified copy of the Scheme being part of the Order has also been applied and will be provided upon receipt from the Court.

Signature

Pursuant to the requirement of the Securities Act, 2015, the Company has dully caused this form/statement to be signed on its behalf by the undersigned hereunto duly authorized.


Muhammad Awais
Company Secretary

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Lahore High Court

IN THE LAHORE HIGH COURT LAHORE
COMMERCIAL BRANCH

2/8/18

CIVIL ORIGINAL NO. 133794-2018

PRESENT:-

MR. JUSTICE SHAHID IKARIM

Parties name and pray attached herewith

2/8/18

Examiner
Company Cases,
Commercial & Tax Branch

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**IN THE LAHORE HIGH COURT, LAHORE
JUDICIAL DEPARTMENT**

Case No. C.O No.133794/2018

Al-Baraka Bank Ltd.

Vs Azgard Nine Ltd. etc.

S.No.of order/ Proceeding	Date of order/ Proceeding	Order with signature of judge, and that of parties or counsel, where necessary.
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31.07.2019

M/s Tariq Kamal Qazi, Bahzad Haider and Farah Malik, Advocates for the petitioners.

M/s Ahmad Pervaiz and Abu Bakar Farooqi, Advocates for the creditors.

M/s Salman Faisal and S.M. Zeeshan Mirza, Advocates for the respondents.

M/s Moiz Tariq and Rohail Mustafa Khan, Advocates/ Chairpersons.

Mr. Ruman Bilal, Advocate for SECP.

This Petition has been filed by a number of secured creditors of Azgard Nine Limited (the "Company") under Section 279 read with Section 280 to 281 of the Companies Act 2017 for approval by this Court of the Creditors' Scheme of Arrangement for restructuring the liabilities of the Company. Copy of the scheme date January 1, 2018 is attached with Petition. The Petitioners are 12 banking / financial institutions and various Term Finance holders ("TFC's") and Privately Placed Term Finance Certificates ("PPITFC's") represented by Faysal Bank Limited.

2. The Petitioners' counsel, while explaining the broad object of the Scheme, pointed out that the Company stood in default of all its long term loan and some short term loan obligations, since the Company's existing business and cash flows made it impossible to pay off liabilities as they fell due.

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The Petitioners, thus, faced a choice between seeking winding up of the Company or taking steps to restructure the burden of loans of the Company so that the Company could remain operational and service its loans. As for seeking winding up of the Company, the assets of the Company were not sufficient to enable the Petitioners to recover even their principal amount. The rehabilitation of the Company would be in the interest of all stakeholders. It is for this reason that the Petitioners have approached this Court with a Scheme of Arrangement that provides for raising of finances to completely or partially pay off the creditors. These finances will be raised *inter alia* by way of sale of two units of the Company, issuance of new shares of the Company, issuance of TFCs, and sale of some TFCs that are already held by the Company.

3. The Scheme gives all creditors of the Company the following three options on how they would want their liabilities to be settled:

OPTION A

To receive 15 per cent of its principal amount and 10 per cent of its markup amount and some TFCs upfront, in exchange for foregoing the remaining amount.

OPTION B

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To receive 10 per cent of markup and some TFCs upfront, in exchange for foregoing the remaining markup and some TFCs and to settle/restructure 100 per cent of its principal amount over a period of time as stated in the Scheme.

OPTION C

To settle/restructure 100 per cent of its principal amount as well as receive 100 per cent of its markup and some TFCs amount over a period of time as stated in the Scheme.

4. It would be entirely up to each creditor as to which of the above three options it chooses. Any creditor who does not opt for either Option A or Option B above, shall be deemed to have opted for Option C, i.e. settle/restructure all its principal and receive all its markup and some TFCs amount over a period of time as stated in the Scheme.

5. All parties agree that this Court has the jurisdiction to consider the Scheme and, if appropriate, to approve it under the aforesaid provisions of the Act 2017. In order to do so, the Court has to:

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- a) To see if the majority in number representing 3/4th majority of the creditors in value who may be "present and voting" in a meeting of the creditors duly convened on the direction the Court have recorded their consent to the approval of the Scheme, and
- b) To consider and decide upon any objection that may be raised before the Court either by the Company or by any one or more creditors or by any other relevant party as to why the Court may not approve the Scheme.

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6. As per the Scheme, the Company's liabilities and how they are proposed to be restructured under the Scheme are as follows:

a) **Company's Total Liability: Rs. 17,392,993,398/-** (as on 30.06.2017)

Principal Amount: Rs. 13,268,633,733/-

Mark-up Amount: Rs. 4,124,359,665/-

b) **Total Amount to be Restructured under the Scheme: Rs. 13,120,622,467/-**

i) Principal Amount to be Restructured: Rs. 8,996,262,802/-

ii) Mark-up Amount to be Restructured: Rs. 4,124,359,665/-

c) **Total Amount that will not be Restructured: Rs. 4,272,370,931/-**

7. When the Petition came up for hearing on 15.2.2018, this Court ordered the convening of the meeting of the creditors of the Company to consider and cast their votes for or against the approval of the Scheme, and for this purpose, the Court appointed two chairpersons to convene and conduct the meeting and also to submit their report on the proceedings held.

8. As per the Chairpersons' report, in compliance with the Court's direction, the creditors' meeting was convened on 14.05.2018 and for this purpose, notices along with a copy of the Scheme was sent to all the 103 creditors of the Company as listed in

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Schedule 1 of the Scheme. Notices of the meeting were also published in three newspapers, two English, one Urdu.

9. Following is a relevant extract from the Chairpersons' report as filed in the court:

In the creditors' meeting held on 14.5.2018,

"all the creditors attending the meeting were explained by the undersigned [the chairpersons] that the meeting of the creditors is being convened pursuant to the order dated 15.2.2018 in C.O. No. 133794/2018 titled 'Al Baraka Bank (Pakistan) Limited Vs. Azgard Nine etc., passed by this Honourable Court, to consider and deliberate, and if so approved, to adopt and agree to the Scheme of Arrangement for rescheduling, re-profiling, and settlement of the outstanding liabilities of the Company towards the Creditors to pass the following resolution, namely:

"RESOLVED THAT the Scheme of Arrangement of Azgard Nine Limited as placed before the Creditors of the Company in this meeting, be and is hereby approved, adopted and agreed."

(Chairpersons' Report, Para 4)

10. In their report, for the purposes of clarifying as to which percentage of the Company's creditors approved the Scheme, the chairpersons, 'for assistance of the court', recorded their calculations in three different ways.

11. Of the three types of calculations, while the second and third deserve consideration, the first one is irrelevant as it is based on "the 100 per cent of the total outstanding debt of the Company", whereas Section 279(2) of the Companies Act requires approval only from 'majority in number

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representing three-fourth in value of the creditors as may be 'present and voting either in person or .. by proxy at the meeting' of the creditors.

(Chairpersons' Report, Para 12)

12. Before considering the second and third mode of calculation, it is pertinent to deal with a concern of the chairpersons (as recorded in their report) that in the creditors' meeting, Faysal Bank (the Trustee), in its capacity as the trustee of the Listed TFCs (Rs. 2.4 billion) and also as the trustee of the PPTFCs (Rs. 3.5 billion), while relying on the relevant provisions of the respective trust deeds, claimed to be entitled to cast votes in favour of the Scheme on behalf of 100 per cent TFC Holders of each of the two TFC issues because more than 51 per cent TFC Holders of each of the two TFC issues had given their authority/consent to Faysal Bank/Trustee to support the Scheme.

13. It seems that this Court need not adjudicate on the above issue since the chairpersons, in their second as well as third calculations, have confirmed that either way, the requisite percentage of creditors (3/4th of those present and voting), cast their votes in support of the Scheme as follows:

Calculation No. 2

(Assuming that Trustee is entitled to Vote for All the TFC Holders since 51 per cent had given their consent)

If only the total *principal* liabilities of the Company are to be considered:

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Then Creditors of the Company approved Scheme by a majority of 90.66 %

If *both* principal *and* markup liabilities of the Company are to be considered:

Then Creditors of the Company approved Scheme by a majority of 90.63 %

Following are the chairpersons' conclusions on the above:

"Hence 3/4th of value of total creditors of the Company Present and Voting in the Meeting is achieved in both if Principal outstanding is taken and also if Principal plus Markup outstanding is taken."

Calculation No. 3

(Assuming that Trustee is NOT entitled to Vote for All the TFC Holders)

If only the total *principal* liability of Company is considered:

Then Creditors of the Company approved Scheme by a majority of 83.51 %

If *both* principal *and* markup liability of the Company is considered:

Then Creditors of the Company approved Scheme by a majority of 83.30 %

After recording the above calculations, the chairpersons' concluded as follows:

"Hence 3/4th of value of total creditors of the Company Present and Voting in the Meeting is achieved in both if Principal outstanding is taken and also if Principal plus Markup outstanding is taken."

(Chairpersons' Report, Para 13 and 14)

14. The chairpersons' report thus makes it clear that the majority in number representing three-fourth of the creditors by value have voted in favour of the Scheme, whether TFC's Trustee

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(Faysal Bank)'s vote is considered to be for all the TFC Holders of the two TFC issues or for only the TFC Holders that expressly conveyed their consent to the Trustee.

15. And similarly, it also shows that three-fourth of the creditors by value have voted in favour of the Scheme, whether the total liability of the Company is treated to be limited only to the principal amount or as covering both the total principal and markup amount.

Objections

16. The Company through its counsel impleaded as Respondent in the Petition and has supported the Scheme.

SECP Objections

17. The Securities and Exchange Commission of Pakistan (SECP), through its written reply, raised an objection in that the amount of liabilities of the Company as stated in the Scheme was higher than the amount that was published in the annual audited accounts of the Company dated 30 June 2017, by an amount of Rs. 779 million.

18. In response, the Petitioner banks' counsel explained that the banks, when calculating a company's total liabilities, routinely include all kinds of actual and contingent liabilities of the Company towards them, such as those based on

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guarantees and LCs etc, and as such, the liability amount from banks' perspective is always higher than the one shown in the Company's audited accounts which only include actual liabilities and not contingent liabilities.

JS Group Objections

19. Certain objections to the grant of the Petition were also raised by JS Bank Limited, JS Global Capital Limited, Jahangir Siddiqui & Co. Limited, Staff Provident Fund, Mahvish and Jahangir Siddiqui Foundation, and JS Investments Limited. (hereinafter to be called JS Group for ease of reference). These were filed through C.M No.7 of 2018 and have been dealt with separately. Suffice to say that the application has been dismissed.

20. As discussed earlier, the Scheme has been approved in the meeting of the creditors held pursuant to orders of this court. Sale of two manufacturing units has also been approved by the members of the Company. The objections against the petition have been found without any force. No facts have been placed before the court on the basis of which it could be held that the Scheme was in any manner *mala fide* unfair or against public interest.

21. In view of the above, this petition is allowed, the Scheme of arrangement dated January 1, 2018

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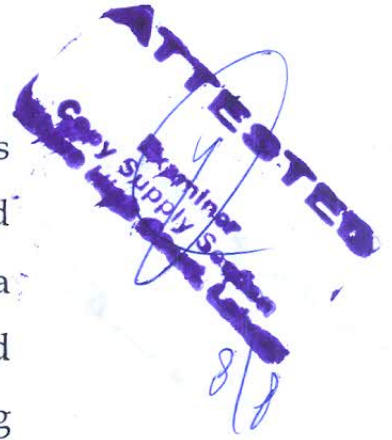
IN THE HON'BLE LAHORE HIGH COURT AT LAHORE
(COMPANIES JURISDICTION)

PETITION NO. 133794 - OF 2018

In the matter of:

Section 279 to 283 of the Companies Act, 2017

1. AL BARAKA BANK (PAKISTAN) LIMITED, a banking company, incorporated under the laws of Pakistan, having its Registered Office at 162 Banglore Town, Shahrah-e- Faisal, Karachi.
2. FAYSAL BANK LIMITED (as Trustee of PKR 2,400 Million Listed TFC of Azgard Nine Limited), a banking company, incorporated under the laws of Pakistan, having its Registered Office at ST-02 Faysal House Shahrah-e-Faisal, Karachi.
3. BANK ISLAMI PAKISTAN LIMITED (formerly KASB Bank Limited), a banking company, incorporated under the laws of Pakistan, having its Registered Office at 11th Floor, Executive Tower 1, Dolmen City, Marine Drive, Karachi.



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Lahore High Court, Lahore

4. CITI BANK N.A. Pakistan Branch a banking company, incorporated under the laws of Pakistan, having its Registered Office at AWT Plaza, I.I Chundrigar Road, Karachi.

5. DEG - Deutsche Investitions- und Entwicklungsgesellschaft mbH, incorporated under the laws of Germany, having its Registered office at Kämmergasse 22 50676 Köln Postfach 10 09 61 50449 Köln

6. FAYSAL BANK LIMITED, a banking company, incorporated under the laws of Pakistan, having its Registered Office at ST-02 Faysal House Shahrah-e-Faisal, Karachi.

7. MCB BANK LIMITED (formerly NIB Bank Limited), a banking company, incorporated under the laws of Pakistan, having its Registered Office at MCB Building 15 - Main Gulberg, Jail Road, Lahore, Pakistan.

8. MEEZAN BANK LIMITED (formerly HSBC Bank Middle East Limited) a banking company, incorporated under the laws of



laws of Pakistan, having its Registered Office at II Chundrigar Road, Karachi.

13. SUMMIT BANK LIMITED a banking company, incorporated under the laws of Pakistan, having its Registered Office at Plot No. 9-C, F-6 Markaz, Supermarket, Islamabad.

14. UNITED BANK LIMITED, a banking company, incorporated under the laws of Pakistan, having its Registered Office at 13th Floor, UBL Building, Jinnah Avenue, Blue Area, Islamabad.

..... PETITIONERS

Vs.

1. AZGARD NINE LIMITED, a public limited company limited by shares, incorporated under the provisions of the Companies Ordinance, 1984, having its Registered Office at Ismail Aiwan-e-Science, off - Shahrah-e-Roomi, Lahore, Lahore.

2. SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN through its chairman having its office at Associated House, Lahore.

..... RESPONDENTS



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Pakistan, having its Registered Office at Meezan House, C-25 Estate Avenue S.I.T.E. Karachi.

9. FAYSAL BANK LIMITED (as Trustee of PKR 3,218 Million Zero Coupon PPTFC of Azgard Nine Limited), a banking company, incorporated under the laws of Pakistan, having its Registered Office at ST-02 Faysal House Shahrah-e-Faisal, Karachi.

10. SAUDI-PAK INDUSTRIAL AND AGRICULTURE INVESTMENT COMPANY, a company, incorporated under the laws of Pakistan, having its Registered Office at Saudi- Pak Tower, 61-A Jinnah Avenue, Islamabad - Pakistan

11. SILK BANK LIMITED a banking company, incorporated under the laws of Pakistan, having its Registered Office at 20th - 22nd Floors, Centrepoint, Off Shaheed-e-Millat Expressway, Near KPT interchange, Korangi, Karachi.

12. STANDARD CHARTERED BANK (PAKISTAN) LIMITED, a banking company, incorporated under the



P R A Y E R

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

- (a) an order under Section 279 of the Companies Act, 2017 sanctioning the Scheme of Arrangement as set forth in Annexure "P/6" hereto so as to make the Scheme of Arrangement binding on all persons with respect to Respondent including, but not limited to, the shareholders and creditors of the Respondent.
- (b) All necessary orders under Section 280 of the Companies Act 2017 to give effect to the Scheme of Arrangement; and
- (c) make such further order(s) as this Hon'ble Court may deem fit.

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Income Tax Department, Jaipur

FOR AND ON BEHALF OF
THE PETITIONER NO. 9

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FOR AND ON BEHALF OF
THE PETITIONER NO. 10

Farrukh Ali Khan
P.A. # 973



Farrukh Ali Khan
Senior Unit Head South
Corporate Banking Group
SILKBANK LIMITED

FOR AND ON BEHALF OF
THE PETITIONER NO. 11

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FOR AND ON BEHALF OF
THE PETITIONER NO. 12

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

MAQSOOD AHMED AMIR
Asstt. Vice President - I
CAD (S&SME), South Region
Summit Bank Ltd.
P.A. No: B-70



FOR AND ON BEHALF OF
THE PETITIONER NO. 13

ABDUL KABIR
Administration Department
AVP Unit Head
No: B-152
Summit Bank Limited

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FOR AND ON BEHALF OF
THE PETITIONER NO. 14

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