

05

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

J. MISC. PETITION NO. 05 OF 2015

In the matter of:  
Sections 284 to 288 of the Companies Ordinance, 1984

1. KARIM COTTON MILLS LIMITED, a public company limited by shares, incorporated under provisions of Companies Ordinance, 1984 and listed on Stock Exchanges of Karachi and Lahore. Its Registered Office situated at 14/E, 2<sup>nd</sup> Floor, Writers Chambers, Mumtaz Hasan Road, Karachi
2. AGRO ALLIANZ (PRIVATE) LIMITED, a private company limited by shares, incorporated under the provisions of Companies Ordinance, 1984 with its Registered Office situated at Office # 701-A, 7<sup>th</sup> Floor, Saima Trade Tower, I.I. Chundrigar Road, Karachi.

Presented on 16-3-2015  
*[Signature]*  
Deputy Registrar (O.S.)

Petitioners

PETITION UNDER SECTION 284 READ WITH  
SECTIONS 285 TO 288 OF THE COMPANIES ORDINANCE, 1984



ORDER SHEET  
IN THE HIGH COURT OF SINDH AT KARACHI.

J. Misc No.05 of 2015

Date Order with signature of Judge.

1. For hearing of CMA No.49/2015
2. For hearing of Main petition

18.08.2016

Mr. Saleem uz Zaman, Advocate for the Petitioner  
Mr. Manawwar Awan, Law Officer, SECP  
Mr. Tariq Qureshi, Law Officer, Pakistan Stock Exchange (PSX)

-0-0-0-

Mr. Manawwar Awan, Law Officer, SECP states that in pursuance of order dated 10.05.2016 Pakistan Stock Exchange Ltd (PSX) has submitted their statement. In so far as point No.2(i)(ii)(iii)&(iv) of the statement is concerned, Mr. Saleem uz Zaman, appearing for Petitioner submits that they would comply each and every requirement referred thereon and in so far as point No.1 to the statement of PSX is concerned they would either pay penalty or take appropriate measures to overcome subject objection of the penalty amounting to Rs.4.05 million:

In view of the above compliance SECP offered his no objection to the merger of the two companies/petitioners in terms of scheme of merger available. Its amendment in terms of the statement filed on 26.02.2016 available at part-2 is deemed to be lawful in pursuance of the assistance of SECP's Counsel. Hence, the petition is allowed as prayed subject to compliance of objections as referred in the statement of PSX.

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JUDGE

13 APP 2016



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

05  
J. MISC. PETITION NO. 05 OF 2015

In the matter of:  
Sections 284 to 288 of the Companies Ordinance, 1984

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2. AGRO ALLIANZ (PRIVATE) LIMITED, a private company limited by shares, incorporated under the provisions of Companies Ordinance, 1984 with its Registered Office situated at Office # 701-A, 7<sup>th</sup> Floor, Saima Trade Tower, I.I. Chundrigar Road, Karachi.

Presented on 16-3-2015  
Deputy Registrar (O.S.)

Petitioners

**PETITION UNDER SECTION 284 READ WITH  
SECTIONS 285 TO 288 OF THE COMPANIES ORDINANCE, 1984**

The Petitioners above-named respectfully submit as follows:

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. 2 into Petitioner No. 1, whereby the entire undertaking and business inclusive of all assets, properties, rights, liabilities and dues of Petitioner No. 2 as more particularly described in the Scheme of Arrangement (Annexure H-1), will be transferred to and assumed by Petitioner No. 1. The Petitioner No. 1 will continue as a going concern under a new name of "Agro Allianz Limited" and Petitioner No. 2 will dissolve without winding up upon the sanction of amalgamation/merger.

**BACKGROUND OF PETITIONER NO.1**

1. That the Petitioner No. 1 was incorporated under the Companies Act, 1913 on 28-03-1968. The authorized share capital of Petitioner No. 1 is Rs. 50,000,000/- divided into 5,000,000 ordinary shares of Rs. 10 each whereas the issued, subscribed and paid up share capital of Petitioner No. 1 is Rs. 11,832,940/- made up of 1,183,294 ordinary shares of Rs. 10 each.



03 SEP



True copy of Certificate of Incorporation Dated 28-03-1968 is attached herewith as Annexure "A".

2. That the object of the Petitioner No. 1 and its business description as set-forth in its Memorandum and Articles of Association include:

Clause 1:

"to gin, card, comb, scour, mix, eut, spin, process, twist, throw, reel, weave, knit, print, bleach, dye or finish, rayon, staple fibre, yarn, raw silk, silk yarns, waste silk, cotton, flax, jute, hemp, wool, hessian, linen or other textiles and textiles fabrics, and carry on any other operations of whatever kind and nature in relations thereto."

Clause 7:

"to be interested in, promote or undertake the formation and establishment of such institutions, business or companies, whether industrial, agriculture, trading, manufacturing or otherwise, as may be considered to be conducive to the profit and interest of the Company, and to carry on any other business whether industrial, agricultural, trading, manufacturing, or otherwise, which may seem to the Company capable of being conveniently carried on in connection with any of these, or otherwise calculated directly or indirectly to render any of the Company's properties or rights for the time being profitable, and also to acquire, promote, aid, foster, subsidize interests in any industry or undertaking."

Clause 16:

"to amalgamate with any other company or companies having objects altogether or in part similar to those of this Company."



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

3. The Petitioner No. 1 commenced business soon after its incorporation in 1968 and remained engaged in the manufacturing of yarn and fabrics, till its operations were closed on April 30, 1995. The Petitioner No. 1 is a listed company, listed in Karachi Stock Exchange ("KSE") and Lahore Stock Exchange ("LSE"), its trading is suspended as per directives of SECP since 2 October 2000 due to certain non-compliances.
4. The Petitioner No. 1 has subsequently complied with the same and approached KSE to restart trading in its shares. The KSE as per its letter dated 8 July 2014 has informed SECP about the Petitioner No. 1's compliance with the requirements of SECP by way (i) holding of AGM's for the year ended 30 June 2012 and 30 June 2013 and (ii) the Petitioner No. 1 is also in the process of induction of its ordinary shares into the Central Depository System ("CDS") of the Central Depository Company of Pakistan Limited ("CDC"); (iii) KSE's outstanding fees for the period up to 30 June 2014 has

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also been paid by the Petitioner No. 1, therefore. No Objection from SECP is awaited to enable KSE to process for removal of the Petitioner No. 1 from Suspension Segment and resumption of trading in its shares. The SECP by its letter dated 12 January 2015 to Petitioner No. 1 raised certain queries on audited accounts of Petitioner No. 1 for the years 2012 and 2013, requested for copy of the Memorandum of Understanding dated 3 May 2014 entered into between the Petitioner No. 1 and Petitioner No. 2 for the merger and to provide it with the status of the merger scheme. The Petitioner vide its letter dated 28 January 2015 has already responded to the SECP's queries regarding accounts and provided it the draft merger scheme and informed it that the merger scheme will be filed in the High Court of Sindh for approval. The CDC vide its letter dated 11 July 2014 declared the Ordinary Shares of Karim Cotton Mills Limited ("Shares") as CDS Eligible Securities and necessary arrangements for smooth induction of Shares into the CDS are being made by Petitioner No. 1 accordingly.

*True copy of the (i) KSE Letter dated 8 July 2014 (ii) SECP Letter dated 12 January 2015, (iii) CDC letter dated 11 July 2014, and the Petitioner No. 1's letter dated 28 January 2015, are enclosed herewith as Annexures "C", "D", "E" & "F", respectively.*

5. Subsequent to closure of its operations, Petitioner No. 1 sold its operating assets in 1999 and since then the management have been making efforts to revive its operations and has for that purpose entered into a Memorandum of Understanding with the Petitioner No. 2 dated 3 May 2014 and have complied with terms and conditions thereof. Hence, this Petition is hereby filed for merger of the Petitioner No. 2 into Petitioner No. 1.

#### BACKGROUND OF PETITIONER NO.2

The Petitioner No. 2 was incorporated vide Certificate of Incorporation dated 22-01-2013. The authorized share capital of Petitioner No. 2 is Rs. 200,000,000/- divided into 200,000 ordinary shares of Rs. 1,000 each whereas the issued, subscribed and paid up share capital of Petitioner No. 2 is Rs. 150,000,000/- divided into 150,000 ordinary shares of Rs. 1,000 each.

*True Copy of the Certificate of Incorporation dated 22-01-2013 is filed herewith as Annexure "G".*

7. That the objects of the Petitioner No. 2 and the business description to be undertaken by it are set forth in its Memorandum and Articles of Association. The Petitioner No. 2 is engaged in trading and supply of products, commodities and raw material in any form or shape whether manufactured or semi manufactured or in raw form and also imports, exports, doing wholesaler and are also intending agents, etc. The objects of the Petitioner No. 2 include:

Clause 1:



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*"to carry on the business as traders and suppliers of products commodities and raw material in any form or shape whether manufactured or semi-manufactured or in raw form supplied by / to any company, firm, association of persons, individuals, body whether incorporated or not, government, semi government or any local authority."*

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

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

8. That the Petitioner No. 1 and Petitioner No. 2 desire to merge by way of amalgamation/merger of Petitioner No. 2 into Petitioner No. 1.
9. The Petitioners Nos. 1 & 2 have agreed and entered into a Memorandum of Understanding dated May 03, 2014 setting terms and conditions for the proposed merger, which has been duly approved along with "Scheme of Arrangement" by the respective Board of Directors of the Petitioners.

*True copies of the Memorandum of Understanding, Scheme of Arrangement and the resolutions of the Board of Directors of the Petitioner Nos. 1 and 2 are filed herewith and marked as Annexures "I", "I-1", "I-2" & "I-3", respectively.*

10. That in terms of the Competition Act, 2010 and the Regulations and Rules framed there under, a pre-merger application has been submitted formally for NOC from the Competition Commission of Pakistan ("CCP") for the subject merger vide application dated February 16, 2015. CCP granted NOC by its letter dated 6 March 2015.

*A copy of the CCP NOC dated 6 March 2015 is filed herewith as Annexure "J".*



The Scheme of Arrangement, Annexure "I-1" 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.

12. That the Petitioners hereby submit true copies of the Audited Accounts of Petitioner No.1 and Petitioner No. 2 as of June 30, 2014.

*True copies of the audited accounts of Petitioners No. 1 & 2 as of June 30, 2014 are filed herewith as Annexures "K" & "K-1", respectively.*

13. That as per Annexures "I-2" & "I-3" above:
  - (a) Mr. M. Idrees H. Ibrahim is authorized to sign and execute this Petition and all related documents on behalf of the Petitioner No. 1 and

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- (b) Mr. Muhammad Farrukh Amin is authorized to sign and execute this Petition and all related documents on behalf of the Petitioner No. 2.

### PRAYER

14. It is respectfully prayed that this Hon'ble Court may be pleased to pass the following orders, subject to the shareholders and creditors of Petitioner Nos. 1 & 2 approve the Scheme of Arrangement at meetings called by orders of this Hon'ble Court on the Petitioners' application made under Rule 55 of the Companies Court Rules 1997:
- (a) make an order under Section 284(2) of the Companies Ordinance, 1984 sanctioning the Scheme of Arrangement as set forth in Annexure "I-1" hereto,
  - (b) make an order to KSE to restore trading of Shares of the Petitioner No. 1, so as to make the Scheme of Arrangement binding on the Petitioners and shareholders of Petitioners Nos. 1 & 2.
  - (c) an order that name of Petitioner No. 1 be changed to **Agro Allianz Limited** without any performance of any further Acts or Deeds or payment of any cost.
  - (d) an order that all registrations in respect of Income Tax (NTN), Sales Tax (STRN), Income Tax Refunds and Bank Accounts of Petitioner No. 2 be transferred to Petitioner No. 1 after changing of its name i.e. **Agro Allianz Limited**.
  - (e) make the following orders under Section 287 of the Companies Ordinance, 1984 namely:
    - (i) An order under Section 287(1) of the Companies Ordinance, 1984, transferring to and vesting in the Petitioner No. 1 the whole undertaking, assets, properties, liabilities, rights, benefits, powers, privileges, licenses, contracts of the Petitioner No. 2 as more particularly described in the Scheme of Arrangement as set forth in Annexure "I-1" hereto.
    - (ii) Pass all necessary orders to give effect to the Scheme of Arrangement, including but not limited to, order whereby all assets, business, undertaking, properties, rights and liabilities of Petitioner No. 2 is transferred to and vested in Petitioner No. 1 and similarly, all liabilities and duties of Petitioner No. 2 is assumed by and vested in Petitioner No. 1 with effect from the Effective Date as defined under the Scheme of Arrangement being January 01, 2015 or such date as may be specified by this Hon'ble Court.
    - (iii) An order under Section 287(1(c) of the Companies Ordinance, 1984 directing that all suits, appeals, arbitration, governmental investigations and other legal proceedings instituted by or against Petitioner No. 2 and any judgments, orders of directions passed in respect of Petitioner No. 2 shall be treated as suits, appeals, and legal proceedings by or against the Petitioner No. 1 and judgments, order or directions passed in respect of



Petitioner No. 2 may be continued, prosecuted and enforced by or against the Petitioner No. 1 accordingly.

- (iv) An order that all books of accounts and other documents which would before the Effective Date have been the evidence in respect of any matter for or against Petitioner No. 2 shall be admissible in evidence in respect of the same matter for and against Petitioner No. 1.
- (v) The Petitioner No. 2 shall stand dissolved without winding up.
- (vi) To direct that the Petitioner No. 2 authorized share capital be merged and combined with the Petitioner No. 1's authorized share capital without any performance of any further acts or deeds or payment of any costs. It is further declared that the authorized share capital of the Petitioner No. 1 post-amalgamation shall be Rs. 250,000,000/- divided into 25,000,000 ordinary shares of Rs. 10/- each.
- (vii) To direct Petitioner No. 1 to issue 144 shares of Rs. 10/- each of Petitioner No. 1 to each shareholder of Petitioner No. 2 for every 1 shares of Rs. 1,000/- each held by each shareholder of the Petitioner No.



*S. M. Hashim*  
 FOR AND ON BEHALF OF  
 PETITIONER NO. 1

*E. J. Jaffer*  
 FOR AND ON BEHALF OF  
 PETITIONER NO. 2

*Saleem*  
 ADVOCATE FOR THE PETITIONERS

KARACHI:  
 DATED : 14<sup>th</sup> March 2015

**VERIFICATION**

We, Messrs (i) M. Idrees ~~Ab~~ Ibrahim s/o. H. Ibrahim <sup>Hasim</sup> and (ii) Muhammad Farrukh Amin s/o Amin Godil, Muslim, adults, 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 \_\_\_\_ day of \_\_\_\_\_, 2015 that the facts stated hereinabove are true and correct to the best of my knowledge, belief and information derived from the record and legal averments are true to advice received from my counsel which is verily believed to be true.

*n*  
 ASSISTANT REGISTRAR  
 AFFIDAVIT & IDENTITY BRANCH  
 HIGH COURT OF SINDH

*M. Idrees H. Ibrahim*  
DEPONENT  
M. Idrees H. Ibrahim

*Muhammad Farrukh Amin*  
DEPONENT  
Muhammad Farrukh Amin

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

*Saleem uz Zaman*  
ADVOCATE

Solemnly affirmed before me on oath at Karachi, this \_\_\_\_\_ day of \_\_\_\_\_, 2015 by the Deponent above-named, who is identified by Mr. Saleem uz Zaman, Advocate, who is personally known to me.

ASSISTANT REGISTRAR-V  
AFFIDAVIT & IDENTITY BRANCH  
HIGH COURT OF SINDH

COMMISSIONER FOR TAKING AFFIDAVITS

DOCUMENTED

Annexures - 'A' to 'K-1'

DOCUMENTS RELIED UPON

Related correspondence and all relevant documents.

ADDRESS OF THE PETITIONERS

As given in 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



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Presented on 16-3-2015  
2/1  
Deputy Registrar (O.S.)

Petitioners

PETITION UNDER SECTION 284 READ WITH  
SECTIONS 285 TO 288 OF THE COMPANIES ORDINANCE, 1984





6/1/16  
KARIMS

## SCHEME OF ARRANGEMENT

Under Section 284 to 288 of the Companies Ordinance, 1984

FOR AMALGAMATION / MERGER  
OF  
AGRO ALLIANZ (PRIVATE) LIMITED  
INTO  
KARIM COTTON MILLS LIMITED

Notices of Extraordinary General Meetings:

- Karim Cotton Mills Limited
- Agro Allianz (Private) Ltd.



**SCHEME OF ARRANGEMENT**

Under Section 284 to 288 of the Companies Ordinance, 1984

**FOR AMALGAMATION / MERGER  
OF  
AGRO ALLIANZ (PRIVATE) LIMITED  
INTO  
KARIM COTTON MILLS LIMITED**

Notices of Extraordinary General Meetings:

- Karim Cotton Mills Limited
- Agro Allianz (Private) Ltd.



## KARIM COTTON MILLS LIMITED

**SCHEME OF ARRANGEMENT**  
Under Section 284 to 288 of the Companies Ordinance, 1984  
FOR AMALGAMATION / MERGER OF

**AGRO ALLIANZ (PRIVATE) LIMITED**  
INTO  
**KARIM COTTON MILLS LIMITED**

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**KARIM COTTON MILLS LIMITED**  
CORPORATE INFORMATION

Boards of Directors	Mr. Muhammad Idrees Hali Ibrahim Mr. Saeed Uddin Hameed Uddin Mr. Muhammad Arif Abdullah	Chief Executive
	Mr. Abu Talib Muhammad Yunus Mr. Zain ul Abidin Muhammad Yunus Mr. Adnan Muhammad Ahmed Mr. Abdul Wahid Umer	
Company Secretary/ Chief Financial Officer	Mr. Muhammad Siddique	
Legal Advisors	Mr. Muhammad Atzal, Advocate	
Merger Consultants	Rahman Sartaraz Rahim Iqbal Rafiq Chartered Accountants	
Registered Office / Shares Department	14/E, 2 <sup>nd</sup> Floor, Writers Chambers Mumtaz Hassan Road Karachi-74000	
Auditors	Rahman Sartaraz Rahim Iqbal Rafiq Chartered Accountants Plot No. 180, Block-A, S.M.C.H.S., Karachi - 74400	



**AGRO ALLIANZ (PRIVATE) LIMITED  
CORPORATE INFORMATION**

Board of Directors	Sheikh Ali Baatza Mr. Abdul Majeed Ghaziani Mr. Muhammad Farrukh Amin Mr. Muhammad Zain Sardar	Chief Executive
Company Secretary/ Chief Financial Officer	Mr. Shah Amin Ul Haq	
Legal Advisors	Mr. Bashir Hussain, Advocate	
Merger Consultants	Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants	
Registered Office / Shares Department	Suite No. 701, Block-A, Saima Trade Tower, I.I. Chundrigar Road, Karachi	
Auditors	Amir Hussain Associates Chartered Accountants Suite No. 1304, 13 <sup>th</sup> Floor, Uni Center, I.I. Chundrigar Road, Karachi	

**KARIM COTTON MILLS LIMITED  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

In compliance with the Honourable High Court of Sindh at Karachi order passed in JM 05 of 2015 notice is hereby given that an Extraordinary General Meeting of the shareholders of Karim Cotton Mills Limited (The Company) will be held on Saturday April 11, 2015, at 4:00 PM at Bahadur Yar Jang Academy, PA-64/A, Siraj-ul-Dula Road, Bahadurabad, Karachi to consider the following:

Ordinary Business

- To confirm the minutes of the Annual General Meeting held on October 31, 2014
- Special Business

- The Scheme of Arrangement for merger/amalgamation of Agro Allianz (Private) Limited into Karim Cotton Mills Limited and in that connection to consider and pass with or without modifications the following resolutions as special resolutions:

**RESOLVED** that the Scheme of Arrangement ("Scheme") put before the meeting for the merger/amalgamation of Agro Allianz (Private) Limited into Karim Cotton Mills Limited be and is hereby approved in its present form and/or any modification therein, subject to the completion of legal formalities.

**FURTHER RESOLVED** that Mr. Muhammad Idrees Haif Ebrahim, Chief Executive/Director be and is hereby authorized to take all such steps as may be necessary or incidental for the purpose of implementing the aforesaid Scheme of Arrangement in its present and/or in modified form. They are also authorized to make any changes in the scheme of arrangement for completion of merger of the two companies.

- Any other Business
- To transact any other business with the permission of the Chair.



Karachi:  
Dated : March 21, 2015

By Order of the Board  
Muhammad Siddique  
Company Secretary

NOTES:

- The statement U/S 286(1) (A)/ 160 (1)(b) and scheme of arrangement are appended herewith. These documents along with financial statements and other related information may also be inspected during business hours in the registered office of the Company or obtained on written request before the date of the meeting.

2. As per letter # SMD/SE/2(20/2010) dated August 13<sup>th</sup>, 2010 issued by the Securities and Exchange Commission of Pakistan, regarding actions upon orders for suspensions of trading in shares at the Stock Exchanges and complete restriction on physical transfer of shares, therefore, company have not declared any date of closure of share transfer books of the company.

3. A member eligible to attend and vote at this meeting may appoint another member his/her proxy to attend and vote instead of him/her. Proxies in order to be effective must reach the Company's registered office not less than 48 hours before the time for holding the meeting.

4. Representatives of corporate members should bring the usual documents required for such purpose.

**AGRO ALLIANZ (PRIVATE) LIMITED**  
**NOTICE OF EXTRAORDINARY GENERAL MEETING**

In compliance with the Honourable High Court of Sindh at Karachi order passed in JM 05 of 2015, notice is hereby given that an Extraordinary General Meeting of the shareholders of Agro Allianz (Private) Limited ("the Company") will be held on April 11, 2015 at 11:00 AM at Suite No. 701, Block-A, Salma Trade Tower, I.I. Chundrigar Road, Karachi to consider the following:

Ordinary Business

To confirm the minutes of the Annual General Meeting held on October 31, 2014

Special Business

2. The Scheme of Arrangement for merger/amalgamation of Agro Allianz (Private) Limited into Karim Cotton Mills Limited and in that connection to consider and pass with or without modifications the following resolutions as special resolutions:

**RESOLVED** that the Scheme of Arrangement ("Scheme") put before the meeting for the merger/amalgamation of Agro Allianz (Private) Limited into Karim Cotton Mills Limited be and is hereby approved in its present form and/or any modification therein, subject to the completion of legal formalities.

**FURTHER RESOLVED** that Mr. Muhammad Farukh Amin, Director be and is hereby authorized to take all such steps as may be necessary or incidental for the purpose of implementing the aforesaid Scheme of Arrangement in its present and/or in modified form. They are also authorized to make any changes in the scheme of arrangement for completion of merger of the two companies.

Any other Business

3. To transact any other business with the permission of the Chair.

Karachi:  
 Dated : March 21, 2015

By Order of the Board  
 Shah Amin Uj Haq  
 Company Secretary

NOTES:

1. The statement U/S 286(1) (A)/ 160 (1)(b) and scheme of arrangement are appended herewith. These documents along with financial statements and other related information may also be inspected during business hours in the registered office of the Company or obtained on written request before the date of the meeting.



2. The share transfer books of the Company will remain closed from April 04, 2015 to April 11, 2015 (both days inclusive). Transfers received, will be valid, at registered office of the Company Suite No. 701, Block-A, Saima Trade Tower, I.I. Chundrigar Road, Karachi by the close of business hours on April 03, 2015.
3. A member eligible to attend and vote at this meeting may appoint another member his/her proxy to attend and vote instead of him/her. Proxies in order to be effective must reach the Company's registered office not less than 48 hours before the time for holding the meeting.

**STATEMENT OF INFORMATION  
ACCOMPANYING NOTICE TO THE MEMBERS UNDER SECTION 286(1)(A)/280(1)(b) OF THE  
COMPANIES ORDINANCE, 1984**

The statement sets out the material facts about the special business to be transacted at the Extraordinary General Meeting of the Members of Karim Cotton Mills Limited (KCML) called for April 11, 2015.

**MERGER OF AAPL INTO KCML**

**KCML - THE EMERGING COMPANY**

Karim Cotton Mills Limited (KCML) was incorporated on March 28, 1968 as private limited company and was later converted into a public limited company on December 14, 1968. Its shares are quoted on Stock Exchanges of Karachi and Lahore.

The object of the Company was to engage in the manufacturing of yarn and fabric manufacturing and it continued its operation till 30<sup>th</sup> April 1995. The Company sold its property and assets in December 1999 and settled all liabilities but could not restart its operations.

On June 16, 2004, the Securities and Exchange Commission of Pakistan (SECP) passed an order under section 309 of the Companies Ordinance, 1984 for winding up of Karim Cotton Mills Limited. However, on appeal of the Company, the Appellate Tribunal of SECP vide its order dated August 31, 2004 allowed the sponsors to revive the Company by either injecting funds themselves or selling the Company to some other sound business party for revival of the Company. The Company's efforts did not materialize and its revival remained pending.

Under the circumstances, on January 22, 2007, the Securities and Exchange Commission of Pakistan (SECP) issued another show cause notice under sub-section (b) of section 309 of the Companies Ordinance, 1984 which is still pending in abeyance.

Due to prolong unfavorable market conditions the sponsors could not manage some concrete investment plan for revival of the company. After initiating this merger scheme, KCML has requested the SECP to withdraw this show cause notice in the best interest of the shareholders.

Karachi Stock Exchange (KSE) by its letter dated 8 July 2014 has informed SECP about KCML's compliance with the requirements of SECP by way holding of AGMs for the year ended 30 June 2012 and 30 June 2013 and KCML is also in the process of induction of its ordinary shares into the Central Depository System ("CDS") of the Central Depository Company of Pakistan Limited ("CDC"). KSE's outstanding fees for the period up to 30 June 2014 has also been paid by KCML, therefore, KSE submits to SECP and seeks SECP's No Objection to enable KSE to process for removal of KCML from Defaulter's Segment and resumption of trading in its shares. The SECP by its letter dated 12 January 2015 raised certain objections regarding the Petitioner No. 1's audited accounts for the years 2012 and 2013. It also reviewed the Memorandum of Understanding dated 3 May 2014 entered into between the Petitioner No. 1 and Petitioner No. 2 regarding the merger scheme (which information was earlier provided to the SECP by KCML). SECP in this regard seeks from KCML information about the status of the merger scheme. KCML vide its letter dated 28 January 2015 responded to SECP's objections regarding audited accounts and enclosed the merger scheme and submitted that the merger scheme will be filed in the High Court of Sindh for approval. The CDC vide its letter dated 11 July 2014 declared that the Ordinary Shares of KCML



("Shares") as CDS Eligible Securities and seeks necessary arrangements from KMCL for smooth induction of Shares into the CDS.

In SECP's hearing the sponsors requested SECP for time up to March 31, 2015 for presentation of the merger petition.

The authorized share capital of "KCML" is Rs. 50,000,000 divided into 5,000,000 ordinary shares of Rs. 10/- each. There are 587 shareholders of "KCML" and paid up capital is Rs. 11,832,940 divided into 1,183,294 ordinary shares of Rs. 10/- each.

There are no property, assets and liabilities of "KCML" and its shareholder's equity is negative as a result of accumulated loss.



**AGRO ALLIANZ (PRIVATE) LIMITED (AAPL) – THE MERGING COMPANY**

Agro Allianz (Private) Limited was incorporated on January 22, 2013 under the Companies Ordinance, 1984 vide corporate universal identification No. 0082459. The authorized and paid up capital of the Company is Rs. 200,000,000/- and Rs. 150,000,000/- divided into 200,000 and 150,000 of Rs. 1,000/- each respectively.

The main object of the Company is to carry on the business of traders and suppliers of products, commodities and raw material in any form or shape whether manufactured or semi-manufactured or in raw form and Importers, exporters, wholesalers, intending agents, etc.

The registered office of the Company is situated at Suit No. 701, Block – A, Sama Trade Tower, 11, Chundrigar Road, Karachi.

The following are the Directors of the Company:

1. Sheikh Ali Baqza
2. Mr. Abdul Majeed Ghaziani
3. Mr. Muhammad Farrukh Anin
4. Mr. Muhammad Zain Sarder

The above sponsors have long outstanding experience of trading in commodities to their credit and group is known by the name of Unify Group of Companies. The other group companies are:

- a) Reliance Exim (Private) Limited.
- b) Unify Commodities
- c) Crystal Commodities

The group turnover for the year ended June 30, 2014 is Rs. 5.5 billion.

The Agro Allianz (Private) Limited is presently dealing in the following products:

Corn

Agro Allianz has proven its leadership in corn exports with the highest sales in 2013. Our Okara procurement facility is instrumental in procuring highest quality corn crop from Punjab. In-house quality control and review facilities ensure highest quality at each level of our trade cycle. We primarily export corn to Malaysia, Taiwan, and Vietnam.

Rapeseed Meal

Agro Allianz holds a distinct position and has become a renowned name in exporting Rapeseed Meal. Our entire range is processed under strict hygienic conditions to ensure these are free from husk or castor seeds, weevils, lumps, urea and other impurities. In order to ensure that the Rapeseed Meal remain fresh, we also take due care while packaging these before the delivery of consignments.



Infrastructure & Network:

Warehousing Facility  
Warehouse spread over 10 acres of land, with RCC Sheds to store approx. 12,500 metric tons of grains, well equipped with laboratory and truck weigh scale for handling of grains at Okara. This is the Company's grain accumulation centre. Silos with the capacity of 5000 MT storage capacity have been installed at this location.



Global Network  
By virtue of liaison with Maxwell Singapore, Agro Allianz has competitive advantage due to access to various untapped markets such as Singapore, Taiwan, South Korea, Thailand, Indonesia, Vietnam and China.

Our Customers:



Exports:



The AAPL is engaged in import, export and trading of animal meal used in dairy farming industry. The AAPL has commenced business w.e.f. January 23, 2013 and operating performance since inception are as under:

	2014	From Jan 23, 2013 to June 30, 2013
Sales	1,476,098,193	218,248,972
Gross profit	161,842,081	8,535,472
Profit before taxation	79,097,595	4,894,242
Profit after taxation	64,336,614	2,711,752

The authorized share capital of "AAPL" is Rs. 200,000,000 divided into 200,000 ordinary shares of Rs.1,000/- each and its paid up capital is Rs.150,000,000 divided into 150,000 ordinary shares of Rs.1,000/- each.

WHY THIS PROPOSAL FOR MERGER

AAPL is a newly established Private Limited Company, which started its operations in January, 2013. The sponsors of AAPL intend to list it on Stock Exchange in view of growth potential as a result of impetus provided by the Government to Agriculture and Dairy Farming in Corporate Sector. The management of KCML has approached the sponsors of AAPL, proposing merger of AAPL with KCML for achievement of the goal set by AAPL sponsors which will revive KCML as well.

The stock exchanges of Karachi and Lahore had suspended trading in it shares in the bourses since October 2000 since the Company's operating activities could not be restarted after closure in 1995. The investment of the shareholders has reduced to ash. SECP has already issued a show cause notice for winding up of the KCML. If the KCML is windup, 567 shareholders of the Company as well as the 7 institutional investors will be the loser.

It is the considered opinion of both the managements that it would be in the best interest of the shareholders of both the companies if they could merge. The shareholders of AAPL will be able to avail the benefits of the listing while as a company, KCML will also stand revived as a part of amalgamated entity and the shareholders of KCML will once again enjoy the privilege of a strong running listed company.

**THE BENEFITS OF THE MERGER**

1. The merger of two companies will rationalize business structure, bring economies and significantly improve the flexibility, efficiency and financial strength.
2. The proposed merger will result in reducing expenses, cut down the reporting requirements, ensure savings in tax, enhance the corporate image of emerged entity and as a consequence, benefit the shareholders of merged entity.
3. The merger will result the revival of KCML and value addition of the shareholders of KCML.
4. In the result of proposed merger, shareholders of AAPL will enjoy the benefit of listing.
5. The merger is expected to bring the following benefits:
  - merger will allow increase in value of shares for the benefit of the existing shareholders of KCML, which shares otherwise hold negative value and not traded as well.
  - trading will allow the existing shareholders of KCML to trade its shares and / or sell its shares which otherwise their investment is stuck up/dead.
  - Institutional investors will get increase in value of their investment.
  - KCML will be able to expand by generating more capital by further issue of shares.
  - Merger would create a better balance sheet for the merged entity.
  - the shareholders of the merged company will experience better financial results and pay outs.
  - The merger would result in containing administrative cost leading to enhanced profitability as the merged entity would be able to carry out its operations effectively and economically due to the fact that:
    - i. a single Board of Directors to manage the affairs of the merged entity will be required;
    - ii. one Annual General Meeting will be held;
    - iii. one set of books and records for corporate affairs will be maintained and one set of forms/returns will be filed with the various Corporate Government/Regulatory Agencies;
    - iv. single assessment for income tax, filing and record keeping;
    - v. administrative, commercial and corporate staff will be reduced;
    - vi. professional tax and other such levies will be dealt as an entity; and
    - vii. organizations like EOBI, society security, local bodies and others will be dealt as one entity.
6. In addition to above, confidence of small investors on regulatory authorities will improve and it will contribute to the income of the stock exchanges.

**THE SCHEME**

The principal object of the Scheme is to effect merger by way of amalgamation of AAPL into KCML with effect from January 01, 2015 (the Effective Date) or such other date as may be directed by the Court, by transfer to and vesting in KCML the whole of business and undertaking of AAPL together with all the property, assets, rights, liabilities, obligations of every description subsisting immediately preceding the Effective Date, without further act or deed or documents being required to be executed, registered or filed in respect of such transfer, vesting and/or assumption and to dissolve AAPL without going into winding up. However, the name of merged entity will stand simultaneously changed from Karim Cotton Mills Limited to Agro Allianz Limited (AAL) with the sanction of the scheme by the High Court as all the activities of AAPL of import, export and trading are being conducted in the name and style of AAPL and this shall serve the principal object of the scheme.

**THE SWAP RATIO**

Pursuant to the Scheme, as consideration for the said transfers, KCML shall issue at par and allot to the individual members of AAPL 144 (based on breakup value per share of AAPL as on June 30, 2014 which is Rs. 1,447/- on the basis of share of face value of Rs. 1,000/- each & Rs. 14.67 on the basis of share of face value of Rs. 10/- each and that of KCML is minus Rs. 2.46 on the basis of share of face value of Rs. 10/- each) fully paid-up ordinary share of the par value of Rupees 10 each in the capital of KCML for every one ordinary shares of Rupees 1,000 each held by them in the capital of AAPL, as on a day to be fixed by the Board of Directors of KCML following the effective date. The swap ratio is worked out as under:

Description	KCML	AAPL
Shareholders Equity as on June 30, 2014	(2,910,273)	217,048,365
Number of Shares of Rs. 10/- each	1,183,294	-
Number of Shares of Rs. 1,000/- each	-	150,000
Number of Shares equivalent to Rs. 10/- each	-	15,000,000
Breakup Value on the basis of Share of Rs. 10/- each	-	(2.46)
Breakup Value on the basis of Share of Rs. 1,000/- each	-	14.67
		1.447

**PAID UP CAPITAL AFTER MERGER**

Description	KCML Rs.	AAPL Rs.	TOTAL Rs.
Paid up Capital / Shareholders Equity as on June 30, 2014	11,832,940	216,000,000	227,832,940



MERGED COMPANY PATTERN OF SHAREHOLDING

After merger the paid up capital of the merged Company will be Rs. 227,832,940/- divided into 22,783,294 ordinary shares of Rs. 10/- each. The Pattern of Shareholding of merged Company will be as under:

Category of Shareholders	No. of Persons	Shareholding Share of Rs. 10/- each
Directors, their spouse and family members	15	22,404,670
Investment Companies		
National Bank of Pakistan (Trusted Dept)	1	225,300
Investment Corporation of Pakistan	1	69,515
Insurance Companies		
Adamiye Insurance Company	1	2,500
Pakistan Insurance Corporation	1	200
Joint Stock Companies		
Fateh Textile Mills Limited	1	50
Financial Institutions		
Pakistan Industrial Credit & Investment Corporation Ltd.	1	16,800
Securities & Exchange Commission of Pakistan, Islamabad	1	1
Individuals Shareholders	569	64,928
<b>TOTAL</b>		<b>22,783,294</b>

APPROVAL OF SCHEME

As required by Section 284(2) of the Companies Ordinance, 1984, the resolution specified in the notice has to be passed by a majority representing three-fourth in value of the issued shares held by the members present in person or by proxy and voting at the meetings. The sanctioning of the Scheme and the making of other appropriate orders in connection therewith will be considered by the Court after the Scheme is approved by the members.



FINANCIAL RESULTS - PREMERGER - AUDITED

	Audited 30.06.2014	KARIM COTTON MILLS LIMITED	Audited 30.06.2014
<b>AGRO ALLIANZ (PRIVATE) LIMITED</b>			
<b>Operating Results</b>		<b>Operating Results</b>	
Sales	1,476,098,193	Sales	
Gross Profit	163,554,199	Gross Profit	
Net Profit before tax	79,097,596	Net loss before tax	(1,067,442)
Net Profit after tax	64,336,614	Net loss after tax	(1,067,442)
<b>Financial Data</b>		<b>Financial Data</b>	
Fixed assets	64,081,824	Fixed assets	
Current assets	152,966,541	Current assets	14,142
Current Liabilities		Current Liabilities	(2,924,419)
<b>NET ASSETS EMPLOYED</b>	<b>217,048,365</b>	<b>NET ASSETS EMPLOYED</b>	<b>(2,910,273)</b>
<b>Shareholders' Equity :</b>		<b>Shareholders' Equity :</b>	
Ordinary Capital	150,000,000	Ordinary Capital	11,832,940
Un-appropriated profit	67,048,365	Un-appropriated loss	(14,743,219)
Shareholders' Equity	217,048,365	Shareholders' Equity	(2,910,273)

PROJECTED FINANCIALS FOR FIVE YEARS - AFTER MERGER  
OPERATING RESULTS

	2015 Rupees	2016 Rupees	2017 Rupees	2018 Rupees	2019 Rupees	(Rupees '000)
Sales	1,549,803	1,627,358	1,708,768	1,754,207	1,883,917	
Gross profit	171,732	180,319	189,334	196,801	206,741	
Profit before Tax	82,830	86,944	91,146	95,546	100,151	
Net profit	67,431	70,670	74,059	77,604	81,312	
Profit available for appropriation	67,431	70,670	74,059	77,604	81,312	
Earnings per share (Rs)	2.96	3.10	3.25	3.41	3.57	
Expected dividend payout	10%	15%	20%	25%	25%	
Expected breakup value per share of Rs. 10/- each	13	16	19	23	26	

FINANCIAL DATA

	2015	2016	2017	2018	2019
	Rupees	Rupees	Rupees	Rupees	Rupees

(Rupees '000)

ASSETS  
NON CURRENT ASSETS

Tangible fixed assets

	60,109	56,382	52,886	49,608	48,532
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CURRENT ASSETS

Trade Receivable - second

Trade Stock

Advances, deposits and other receivables

Taxation - Nil

Cash and bank balances

213,273	223,537	235,134	246,660	258,223
24,487	26,711	26,997	28,346	29,781
6,163	6,493	6,817	7,158	7,506
22,866	24,009	25,210	26,470	27,763
90,572	158,278	228,807	302,314	378,956
357,281	438,428	522,966	611,178	703,264

TOTAL ASSETS

417,490	494,810	575,851	660,786	749,796
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EQUITY AND LIABILITIES  
SHARE CAPITAL AND RESERVE

Authorised share capital

25,000,000 ordinary shares of Rs. 10/- each

Issued, subscribed and paid up capital

290,000	290,000	290,000	290,000	290,000
227,833	227,833	227,833	227,833	227,833
53,737	124,407	198,465	276,059	397,361
281,570	352,240	426,298	503,902	595,214

CURRENT LIABILITIES

Trade and other payable

Loans from Directors

Short Term Finance / Loan

635	635	635	635	635
106,646	113,966	119,550	125,413	131,569
26,637	27,969	29,388	30,836	32,378
136,520	142,570	149,553	156,884	164,562
417,490	494,810	575,851	660,786	749,796



DIRECTORS AND THEIR HOLDING

The shares held by the directors in each company are as under:

Agro Allianz (Private) Limited	Karim Cotton Mills Limited																										
<table border="1"> <tr> <th>Name</th> <th>Shares Held Rs. 1,000/- each Nos.</th> </tr> <tr> <td>Sr. Jh. Ali Baakza</td> <td>74,999</td> </tr> <tr> <td>Mr. Abdul Majeed Urazzani</td> <td>37,500</td> </tr> <tr> <td>Mr. Muhammad Farukh</td> <td>37,500</td> </tr> <tr> <td>Mr. Muhammad Zain Sarder</td> <td>1</td> </tr> </table>	Name	Shares Held Rs. 1,000/- each Nos.	Sr. Jh. Ali Baakza	74,999	Mr. Abdul Majeed Urazzani	37,500	Mr. Muhammad Farukh	37,500	Mr. Muhammad Zain Sarder	1	<table border="1"> <tr> <th>Name</th> <th>Shares Held Rs. 10/- Each Nos.</th> </tr> <tr> <td>Mr. Muhammad Idrees Haji Ewrahim</td> <td>468,223</td> </tr> <tr> <td>Mr. Saeed Uddin Harneed Uddin</td> <td>3,400</td> </tr> <tr> <td>Mr. Muhammad Arif Abdullah</td> <td>2,500</td> </tr> <tr> <td>Mr. Abdul Talib Muhammad Yunus</td> <td>3,000</td> </tr> <tr> <td>Mr. Zainul Abedin Muhammad Yunus</td> <td>2,500</td> </tr> <tr> <td>Mr. Abdul Wahid Uneer</td> <td>2,500</td> </tr> <tr> <td>Mr. Adnan Muhammad Ahmed</td> <td>2,500</td> </tr> </table>	Name	Shares Held Rs. 10/- Each Nos.	Mr. Muhammad Idrees Haji Ewrahim	468,223	Mr. Saeed Uddin Harneed Uddin	3,400	Mr. Muhammad Arif Abdullah	2,500	Mr. Abdul Talib Muhammad Yunus	3,000	Mr. Zainul Abedin Muhammad Yunus	2,500	Mr. Abdul Wahid Uneer	2,500	Mr. Adnan Muhammad Ahmed	2,500
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Mr. Zainul Abedin Muhammad Yunus	2,500																										
Mr. Abdul Wahid Uneer	2,500																										
Mr. Adnan Muhammad Ahmed	2,500																										
150,000	484,623																										

BOARD OF DIRECTORS OF KCML AFTER MERGER

- Mr. Muhammad Idrees Haji Ewrahim
- Sheikh Ali Baakza
- Mr. Abdul Majeed Shaztani
- Mr. Muhammad Farukh
- Mr. Muhammad Zain Sarder
- Mr. Saeed Uddin Harneed Uddin
- Mr. Muhammad Arif Abdullah

DIRECTORS INTEREST

All the directors of KCML and AAPL are interested in this merger to the extent of shares held by them in the respective companies. The effect of the Scheme on the interest of these directors does not differ from its effect on the like interest of other shareholders.

The Directors have no other interest in the special business and/or resolutions except as specified herein above.

COMPENSATION FOR LOSS OF OFFICE

No compensation is payable to any of the directors of KCML for the loss of office as Director of that company after the merger.

**SCHEME OF ARRANGEMENT**  
Under Section 284 TO 288 of the Companies Ordinance, 1984

**FOR AMALGAMATION / MERGER OF**

**AGRO ALLIANZ (PRIVATE) LIMITED**

**INTO**

**KARIM COTTON MILLS LIMITED**



**DEFINITIONS**

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

**"KCML"**

means Karim Cotton Mills Limited, a public company listed on Karachi and Lahore stock exchanges having its registered office at Karachi.

**"AAPL"**

means Agro Allianz (Private) Limited, a private limited company having its registered office at Karachi.

**"Court"**

means the Honourable Sindh High Court, Karachi.

**"Scheme"**

means this Scheme of Arrangement in its present form with any modification thereof or addition thereto approved or condition imposed by the Court.

**"Effective Date"**

means the day on which the Scheme becomes operative in accordance with clause 1 of this Scheme.

**"AAPL Undertaking"**

means the business being conducted and authorized to be conducted by AAPL and all the properties, assets, authorized capital, privileges, powers, bank accounts, trade marks, patents, licenses, permissions, permits, rights, liabilities and obligations of AAPL.

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

PART II

COMPANIES AND CAPITAL OF THE COMPANIES

**AAPL**

AAPL was incorporated on January 22, 2013 as private limited company. AAPL is engaged in import, export and trading of animal meal used in dairy farming industry. The animal meal is imported from India as well as it is purchased locally and then exported to China and Malaysia.

The authorized share capital of "AAPL" is Rs. 200,000,000 divided into 200,000 ordinary shares of Rs.1,000/- each and its paid up capital is Rs.150,000,000 divided into 150,000 ordinary shares of Rs.1,000/- each.

**KCML**

KCML was incorporated on March 28, 1968 as private limited company and was later converted into a public limited company on December 14, 1968. It is public limited company listed on stock exchanges of Karachi and Lahore.

The Company remained engaged in the manufacturing of yarn and fabric manufacturing operation till 30<sup>th</sup> April 1995. During December 1999 the company sold its property and assets.

On June 16, 2004, the Securities and Exchange Commission of Pakistan (SECP) passed an order under section 309 of the Companies Ordinance, 1984 for winding up of Karim Cotton Mills Limited. However, on appeal of the Company, the Appellate Tribunal of SECP then suspended the order. On 309 of the Companies Ordinance, 1984 vide its order dated August 31, 2004 and allowed the sponsors to revive the Company by either injecting funds themselves or enter into arrangement with some sound business party who should also revive the Company.

On January 22, 2007, the Securities and Exchange Commission of Pakistan (SECP) issued another show cause notice under sub-section (b) of section 309 of the Companies Ordinance, 1984. Due to prolong unfavorable market conditions the sponsors could not succeed in this respect and could not, therefore, submit any concrete investment plan for revival of the company during the intervening period.

Karachi Stock Exchange (KSE) by its letter dated 8 July 2014 has informed SECP about KCML's compliance with the requirements of SECP by way holding of AGM's for the year ended 30 June 2012 and 30 June 2013 and KCML is also in the process of induction of its ordinary shares into the Central Depository System ("CDS") of the Central Depository Company of Pakistan Limited ("CDC"). KSE's outstanding fees for the period up to 30 June 2014 has also been paid. By KCML, therefore, KSE submits to SECP and seeks SECP's No Objection to enable KSE to process for removal of KCML from Defaulter's Segment and resumption of trading in its shares. The SECP by its letter dated 12 January 2015 raised certain objections regarding the Petitioner No. 1's audited accounts for the years 2012 and 2013. It also reviewed the Memorandum of Understanding dated 3 May 2014 entered into between the Petitioner No. 1 and Petitioner No. 2 regarding the merger scheme (which information was earlier provided to the SECP by KCML). SECP in this regard seeks from KCML information about the status of the merger scheme. KCML vide its letter dated 28 January 2015 responded to SECP's objections regarding audited accounts and enclosed the merger scheme and submitted that the merger scheme will be filed in the High Court of Sindh for approval. The CDC vide its letter dated 11 July 2014 declared that the Ordinary Shares of KCML ("Shares") as CDS Eligible Securities and seeks necessary arrangements from KCML for smooth induction of Shares into the CDS.

In SECP's hearing the sponsors requested SECP for time up to March 31, 2015 for presentation of the merger petition.

There are no property, fixed assets and creditors of "KCML" and shareholder's equity of "KCML" is negative as a result of accumulated loss.

The authorized share capital of "KCML" is Rs. 50,000,000 divided into 5,000,000 ordinary shares of Rs.10/- each. There are 587 shareholders of "KCML" and paid up capital is Rs.11,832,940 divided into 1,183,294 ordinary shares of Rs.10/- each.

**OBJECT OF THIS SCHEME**

The principal object of the Scheme is to effect merger by way of amalgamation of AAPL into KCML, through the transfer and vesting in KCML of AAPL - Undertaking against allotment of fully paid ordinary shares of KCML to the shareholders of AAPL in lieu of AAPL shares held by them and the dissolution of AAPL without winding up.



## THE SCHEME

## PART III

1. As from the commencement of business of import and exports on January 01, 2015 (hereinafter referred to as the "effective date"), the entire undertaking of AAPL including all properties, assets, authorized capital, privileges, powers, bank accounts, trade marks, patents, licenses, permissions, permits, rights, liabilities and obligations of AAPL, as at the effective date shall, without further act or deed, stand transferred to and be vested in KCML. The name of the entity shall stand simultaneously changed from Karim Cotton Mills Limited to Agro Allianz Limited (AAL) from the date of sanction of the scheme for the reason that all the activities of the merged entity are being carried out under the name and style of AAL and this shall serve the interest of achieving the objective of the scheme.
2. Without prejudice to the generality of clause 1 above, undertaking of AAPL shall include all rights, powers, authorities, privileges, contracts, benefits of Government consents, sanctions and authorizations, trade marks, patents, licenses, liberties and all properties, immovable and movable, real, corporeal or incorporeal, in possession or reversion, present or contingent of whatsoever nature and whatsoever situate, including in particular reserves, revenue balances, liabilities (non-current and current), properties, investments, deposits, deferred costs, stores and spares, advances, deposits, trade debts, prepayments, actionable claims, other receivables, cash and bank balances, accumulated tax losses (assessed and to be assessed), and all connections, meters, installation and facilities, owned, leased or licensed for telephones, facsimile, telex, electricity, gas, water, etc., and benefit of all payments and deposits made in connection therewith, against, owing to AAPL and all other authorities, rights or interests in or arising out of such property as may belong to or be in the possession or claim of KCML, on the effective date and all contingent claims and proceeds realized from the liquidation of the contingent claims and all books of account and documents relating thereto, and shall be deemed to include all debts, borrowings, liabilities, duties and obligations of AAPL, of whatever kind, including liabilities for payment of gratuity, pension, benefits, provident fund or compensation in the event of retrenchment.
3. The transfer and vesting of the undertaking of AAPL under Clauses 1 and 2 hereof and the confluence of proceedings by KCML shall not affect any transactions or proceedings already concluded by AAPL in the ordinary course of business and after the effective date to the end and intent that KCML accepts on behalf of itself all acts, deeds and things done and executed by AAPL.
4. Every officer, workman or other employee of AAPL shall, on the effective date, become an officer, workman or employee, as the case may be, of KCML on the basis that his services have not been interrupted by the vesting of the undertaking of AAPL in KCML under this Scheme and on the same remunerations and other conditions of service, rights and privileges as to pension, provident fund and gratuity, if any, and other matters as were applicable to him before the effective date.
5. Pursuant to the Scheme, as consideration for the said transfers, KCML shall issue at par and allot to the individual members of AAPL 144 (based on breakup value per share of AAPL as on June 30, 2014) fully paid-up ordinary share of the par value of Rupees 10 each in the capital of KCML for every one ordinary shares of Rupees 1,000 each held by them in the capital of AAPL, as on a day to be fixed by the Board of Directors of KCML, following the effective date.
6. For the purpose of the allotments to be calculated as specified in clause 5 fractional entitlements of above 0.5 shall be rounded up to nearest one share and below 0.5 shall be ignored.

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7. At least seven days notice shall be given to the shareholders of AAPL, of the date fixed by the directors of KCML by reference to which the registered holders of the ordinary shares of AAPL are to be determined for entitlement to ordinary shares of KCML. Such notice shall also specify the date by which the shareholders of KCML shall deliver to KCML for cancellation all share certificates representing ordinary shares of AAPL held by them and such share certificates shall be delivered to KCML on or before that date.
8. The allotment of the ordinary shares of KCML shall be made by KCML within 30 days from the date so notified. The share certificates for such shares shall be made ready for delivery as soon as practicable thereafter and notices for delivery of certificates shall be given to the shareholders of AAPL in the manner provided in its Articles of Association. Share certificates not collected within the time specified in any such notice shall be sent by post, addressed to the persons named therein at their respective registered address. In the case of joint shareholders, share certificates may be delivered to or may be sent to the address of the person whose name appears first in respect of such joint holding. KCML shall not be responsible for loss of the share certificate in such transmission.
9. The ordinary shares of KCML issued and allotted to the shareholders of AAPL, shall, in all respect, rank *pari passu* with the existing ordinary shares of KCML and shall be entitled to all dividends after the Effective Date.
10. The authorized capital of AAPL shall merge with the authorized capital of KCML. Approval of the shareholders of KCML to this Scheme shall also include and amount to an approval by way of special resolution to the alteration of the Memorandum and Articles of Association of KCML for the increase of the authorized capital as required in terms of the Ordinance.
11. The capital reserves, revenue reserves including un-appropriated profit/loss of AAPL, as at June 30, 2014 shall constitute and be treated as reserves of a corresponding nature in KCML and shall be accounted for on that basis in the books of account of KCML.
12. The Chief Executives of KCML and AAPL acting jointly or any person or persons duly authorized by the respective boards of KCML and AAPL shall be authorized to take all such further supplemental, incidental and consequential actions and steps as may be requisite for giving full effect to this Scheme and may consent on behalf of all concerned to any modification of or addition to this Scheme or to any condition which the Court may deem fit to impose.
13. With effect from the effective date and upto completion date, AAPL shall carry on and be deemed to carry on all its business and activities and stand possessed of its properties, assets for and on account of and in trust for KCML and all profits accruing to AAPL or losses arising or incurred by it shall, for all purposes, be treated as the profits or losses of KCML as the case may be.
14. Without prejudice to the legally binding effect of the Scheme on all share holders and creditors of KCML and AAPL upon approval of the Scheme by the respective shareholders of KCML and AAPL and sanction by the Court under the relevant provisions of the Ordinance, if any provision of this Scheme is subsequently determined to be unenforceable by a competent court of law, then to the fullest extent possible, all of the remaining provisions of the Scheme shall remain in full force and effect. Upon such happening, the Board of Directors of KCML with the consent of the Court shall as soon thereafter as practicable, suitably substitute such provision(s) of the Scheme as may have been declared un-enforceable and that such substituted provisions shall be in accordance with the directions of the court concerned to the extent possible.

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**KARIM COTTON MILLS LIMITED**

**FORM OF PROXY**

I, \_\_\_\_\_ of \_\_\_\_\_ member of **KARIM COTTON MILLS LIMITED** and a holder of \_\_\_\_\_ Ordinary shares as per share register Folio No. \_\_\_\_\_ hereby appoint \_\_\_\_\_ of \_\_\_\_\_ Share Mr. \_\_\_\_\_

Register Folio No. \_\_\_\_\_ Where is also member of **KARIM COTTON MILLS LIMITED** as my proxy to vote for me and my behalf at Extraordinary General Meeting of the Company to held on April 11, 2015 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2015  
Witness

Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
CNIC # \_\_\_\_\_

Signature \_\_\_\_\_  
AFFIX Revenue Stamp of Rs. 5/-

(Signature should agree with the specimen Signature registered with the Company)

**IMPORTANT**

1. A member entitled to vote at this meeting may appoint an other member as his/her proxy.
2. This Proxy Form, duly completed and signed must be received at the address given in the notice of meeting not less than 48 hours before the time of holding the meeting.



15. AAPL shall stand dissolved, without winding up from the date, a certified copy of the order of the Court, approving the amalgamation, is filed with the Registrar by KCML.
16. Without further documentation and/or approval, listing status of AAPL at Karachi and Lahore stock exchanges shall remain intact.
17. All costs, charges and expenses of carrying this scheme into effect shall be borne and paid by KCML.
18. The scheme is conditional on and subject to:
  - 18.1 Approval of and agreement to the scheme by the requisite majority of the respective members of and such classes of persons of AAPL and KCML as may be directed by the Court.
  - 18.2 Requisite resolution(s) under the applicable provision of the Companies Ordinance, 1984 being passed by the shareholders of AAPL and KCML for any of the matters provided for or relating to the scheme as may be necessary or desirable.
  - 18.3 No objection certificate from Competition Commission of Pakistan pursuant to Competition Ordinance, 2007.
19. In case this Scheme is not finally sanctioned by the Court for any reason whatsoever OR if for any other reason this Scheme cannot be implemented before June 30, 2015 or within such further period or periods as may be agreed upon by the authorized person(s), as referred hereinabove, this Scheme shall become null and void and in that event no rights and liabilities shall accrue to or be incurred inter se by the parties in terms of this Scheme.

AAPL and KCML hereto shall, with all reasonable dispatch, make applications to the Court for sanctioning the scheme and for dissolution of KCML, without winding up.

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	obligations of AAPL as at the effective date shall, without further act or deed, stand transferred to and be vested in KCML. The name of the entity shall stand simultaneously changed from Karim Cotton Mills Limited to Agro Allianz Limited (AAL) from the date of sanction of the scheme for the reason that all the activities of the merged entity are being carried out under the name and style of AAL and this shall serve the interest of achieving the objective of the scheme.	liabilities and obligations of AAPL as at the effective date shall, without further act or deed, stand transferred to and be vested in KCML. The name of the entity shall stand simultaneously changed from Karim Cotton Mills Limited to Agro Allianz Limited (AAL) from the date of sanction of the scheme for the reason that all the activities of the merged entity are being carried out under the name and style of AAL and this shall serve the objective of the scheme.
5	Pursuant to the Scheme, as consideration for the said transfers, KCML shall issue at par and allot to the individual members of AAPL 144 (based on breakup value per share of AAPL as on June 30, 2014) fully paid-up ordinary share of the par value of Rupees 10 each in the capital of KCML for every one ordinary shares of Rupees 1,000 each held by them in the capital of AAPL, as on a day to be fixed by the Board of Directors of KCML following the effective date.	Pursuant to the Scheme, as consideration for the said transfers, KCML shall issue at par and allot to the individual members of AAPL 145.4 (based on breakup value per share of AAPL as on June 30, 2014) fully paid-up ordinary share of the par value of Rupees 10 each in the capital of KCML for every one ordinary shares of Rupees 1,000 each held by them in the capital of AAPL, as on a day to be fixed by the Board of Directors of KCML following the effective date.
19	In case this Scheme is not finally sanctioned by the Court for any reason whatsoever OR if for any other reason this Scheme cannot be implemented before June 30, 2015 or within such further period or periods as may be agreed upon by the authorized person(s), as referred hereinabove, this Scheme shall become null and void and in that event no rights and liabilities shall accrue to or be incurred inter se by the parties in terms of this Scheme.	In case this Scheme is not finally sanctioned by the Court for any reason whatsoever OR if for any other reason this Scheme cannot be implemented before March 31, 2016 or within such further period or periods as may be agreed upon by the authorized person(s), as referred hereinabove, this Scheme shall become null and void and in that event no rights and liabilities shall accrue to or be incurred inter se by the parties in terms of this Scheme.



*Certified copies of the Swap Ratio Report, Board Resolutions and Revised Scheme of Arrangement are enclosed herewith as Annexes-"B to G", respectively;*

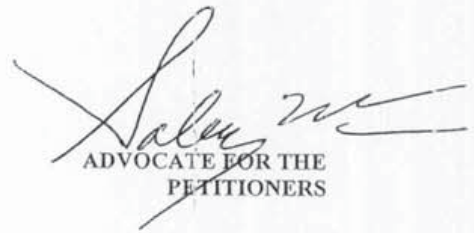
3. SECP issued Show Cause Notice dated 23 December 2015 for hearing on 6 January 2016, the Petitioner No. 1 responded by letters dated 4 January 2016; the SECP hearing was held on 6<sup>th</sup> January 2016 whereby the Petitioner No. 1 was allowed one month time to finalise the merger petition. By its letter dated 8 February 2016 the Petitioner No. 1 informed SECP that the merger petition is pending in the High Court of Sindh at Karachi for orders,

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therefore, SECP may graciously be pleased to drop the winding up proceedings of the Petitioner No. 1 as the merger scheme is pending approval. In the following hearing held on 8<sup>th</sup> February 2016 with Mr. Aqeel A. Zeeshan, Joint Director (Corporate Supervision) SECP Islamabad, the Petitioner No. 1 informed SECP that merger petition is expected to be decided shortly and the Petitioner No. 1 undertook to inform SECP about the outcome of the proceedings expected to be held on 26 February 2016, for record the Petitioner wrote letter to the SECP dated 9<sup>th</sup> February 2016. The Petitioners have duly mentioned in the Scheme of Arrangement about the winding up proceedings of the Petitioner No. 1 earlier initiated by SECP, such proceedings had been initiated as the Petitioner No. 1 had closed its operations and at the relevant time there was no scheme pending for revival of the Petitioner No. 1.

*Copies of Show Cause Notice, Petitioner No. 1's letters to SECP dated 4<sup>th</sup> January 2016, SECP letter dated 6<sup>th</sup> January 2016, the Petitioner No. 1's letters dated 8<sup>th</sup> February 2016 and 9<sup>th</sup> February 2016 are enclosed herewith as Annexes - H to L, respectively.*

4. Accordingly as SECP observations and / or comments have been duly responded and met by the Petitioners this Hon'ble Court may graciously be pleased to allow the Petition as prayed subject to and within the terms of Revised Scheme of Arrangement.

  
ADVOCATE FOR THE  
PETITIONERS

KARACHI:  
DATED : 26/2/2016



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IECnet SKSSS  
CHARTERED ACCOUNTANTS



AUDITED FINANCIAL STATEMENTS  
OF  
AGRO ALLIANZ (PRIVATE) LIMITED  
FOR THE YEAR ENDED  
JUNE 30, 2015



**DIRECTORS' REPORT TO THE MEMBERS**

Dear Shareholders

The Board of Directors take pleasure to present the Financial Statements for the year ended June 30, 2015 along with Auditor's Report thereon.

During the year under review, the Company's sales decreased to Rs. 41,471,975/- as compared to Rs. 1,476,098,193/- last year due to the national and international business conditions.

The Summary of Financial Result is as follow:

	Year Ended June 30, 2015	Year Ended June 30, 2014
Sales	41,471,975	1,476,098,193
Cost of Sales	38,806,575	1,312,543,994
Gross Profit	2,665,400	163,654,199
Profit before taxation	1,108,466	79,097,595
Provision for taxation	54,309	14,760,982
Profit after taxation	1,054,156	64,336,614

**Future Outlook:**

The management is confident that ensuing year will be a better year for the Company and business activities will improve as compared to current year.

**Merger with Karim Cotton Mills Limited:**

The petition for merger of the Company with and into Karim Cotton Mills Limited as approved by the shareholders in the Extraordinary General Meeting held on April 11, 2015 is at order stage with the High Court of Sindh. After approval of merger scheme the shareholders of the Company will enjoy the benefits of a listed Company and shares will be tradable at Karachi and Lahore Stock Exchanges.

**Pattern of Share Holdings:**

Pattern of shareholding is attached to the report.

**Dividend:**

Due to the anticipated merger with Karim Cotton Mills Limited, the Board has not recommended any dividend for the year.

**Auditors:**

The retiring auditors M/s. IECnet S.K.S.S.S., Chartered Accountants, being eligible has offered themselves for re-appointment. The Board recommends their re-appointment for the financial year ended June 30, 2016.

**Acknowledgement**

We are grateful to the company's clients for their continuing confidence and patronage. We also acknowledge and appreciate the hard work put in by the employees of the Company.

For and on behalf of the Board



MUHAMMAD FARRUKH  
Director

Dated: October 05, 2015



Office No. A-701, Tower "A", Saima Trade Tower, I.I. Chundrigar Road, Karachi 74000, Pakistan



AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Agro Allianz (Private) Limited ("the Company") as at June 30, 2015, and the related profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by the management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
- (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
  - (ii) the expenditure incurred during the year was for the purpose of the company's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit & loss account, statement of comprehensive income, statement of changes in equity and cash flow statement together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2015, and of the profit, total comprehensive income, its changes in equity and cash flows for the year then ended; and
- (d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

**Other Matter**

The financial statements of the company for the period ended June 30, 2014 were audited by another firm of chartered accountants who through their report dated October 03, 2014 expressed an unqualified opinion thereon.

Islamabad.

Date: October 05, 2015



*Shibbi Rehan*  
IECnet S.K.S.S.S.  
Chartered Accountants



A MEMBER OF IECnet, A NETWORK OF INDEPENDENT ACCOUNTING & ADVISORY FIRMS

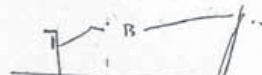
Floor, Mushtaq Mansion Fazl-ul-Haq Road, Blue Area, Islamabad, Pakistan. Tel: (92-51) 2805401-3. Fax: (92-51) 8358820. e-mail: shibbi.rehan@SIRandCo.com

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AGRO ALLIANZ (PRIVATE) LIMITED  
BALANCE SHEET  
AS AT JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	5	56,437,002	62,307,513
<b>CURRENT ASSETS</b>			
Stock In Trade	6		22,286,546
Other receivables	7	138,995,839	109,577,898
Taxation-Net	8	22,757,301	22,811,024
Cash and bank balances	9	77,380	65,384
		161,830,520	154,740,852
<b>TOTAL ASSETS</b>		<u>218,267,522</u>	<u>217,048,365</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>AUTHORIZED SHARE CAPITAL</b>			
200,000;(2014:200,000) Ordinary shares of Rs.1000/- each		<u>200,000,000</u>	<u>200,000,000</u>
Issued, subscribed and paid-up capital 150,000;(2014:150,000) Ordinary shares of Rs 1000/- each fully paid up in cash		150,000,000	150,000,000
Unappropriated profit		68,102,522	67,048,365
		218,102,522	217,048,365
<b>CURRENT LIABILITIES</b>			
Accrued liabilities	10	165,000	
Contingencies and commitments	11		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>218,267,522</u>	<u>217,048,365</u>

The annexed notes form an integral part of these financial statements.

  
CHIEF EXECUTIVE

  
DIRECTOR




AGRO ALLIANZ (PRIVATE) LIMITED  
 PROFIT AND LOSS ACCOUNT  
 FOR THE YEAR ENDED JUNE 30, 2015

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	Note	2015 Rupees	2014 Rupees
Sales	12	41,471,975	1,476,098,193
Cost of sales	13	(38,806,575)	(1,312,543,994)
Gross profit		2,665,400	163,554,199
<b>Operating expenses</b>			
Administrative expenses	14	(1,719,608)	(3,212,948)
Distribution costs	15	-	(78,836,834)
		(1,719,608)	(82,049,782)
Operating profit		945,792	81,504,417
Other Income	16	167,375	129,346
Finance costs	17	(4,702)	(2,536,167)
Profit before taxation		1,108,466	79,097,595
Taxation		(54,309)	(14,760,982)
Profit after taxation		1,054,156	64,336,614

The annexed notes form an integral part of these financial statements.

  
 CHIEF EXECUTIVE

  
 DIRECTOR

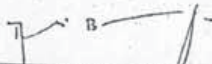


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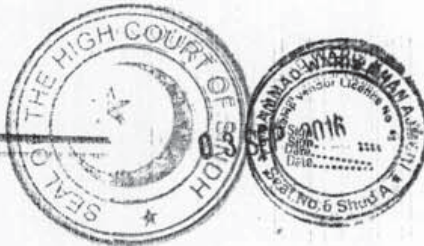
AGRO ALLIANZ (PRIVATE) LIMITED  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2015

	2015 Rupees	2014 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	1,108,466	79,097,595
Adjustments:		
Depreciation	5,160,084	6,034,084
Gain on sale of property, plant and equipment	(164,574)	
Finance cost	4,702	2,536,167
	<u>5,000,212</u>	<u>8,570,252</u>
Cash flows before working capital changes	6,108,677	87,667,847
(Increase)/decrease in current assets		
Trade receivable - secured	-	203,117,306
Stock in Trade	22,286,546	(527,884)
Other receivables	(29,417,941)	(109,577,898)
Advances, deposits and other receivables	-	5,888,964
	<u>(7,131,395)</u>	<u>98,900,488</u>
Increase/(decrease) in current liabilities		
Trade and other payables	-	(101,293,880)
Finance cost paid	(4,702)	(2,536,167)
Short term finance	-	(25,369,000)
Accrued expenses	165,000	-
Taxes paid	(586)	(36,929,406)
	<u>159,713</u>	<u>(166,128,453)</u>
Net cash flows (used in)/generated from operations	<u>(863,005)</u>	<u>20,439,882</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Property, plant and equipments	-	(20,702,990)
Proceeds from sale of property, plant and equipment	875,000	-
Net cash flows generated/(used in) investing activities	<u>875,000</u>	<u>(20,702,990)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net cash flows from financing activities	-	-
Net increase/(decrease) in cash and cash equivalent	11,995	(263,108)
Cash and cash equivalents at beginning of the year	65,385	328,493
Cash and cash equivalents at end of the year	<u>77,380</u>	<u>65,385</u>

The annexed notes form an integral part of these financial statements.

  
 CHIEF EXECUTIVE

  
 DIRECTOR

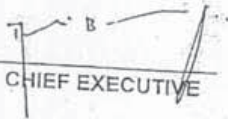


AGRO ALLIANZ (PRIVATE) LIMITED  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2015

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	2015	2014
	Rupees	
Profit for the year	1,054,156	64,336,614
Other comprehensive income	-	-
Total comprehensive income for the year	<u>1,054,156</u>	<u>64,336,614</u>

The annexed notes form an integral part of these financial statements.

  
CHIEF EXECUTIVE

  
DIRECTOR

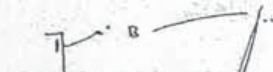


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AGRO ALLIANZ (PRIVATE) LIMITED  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2015

	Issued subscribed and paid up capital	Unappropriated Profit Rupees	Total
Balance as at July 1, 2013	150,000,000	2,711,752	152,711,752
Total comprehensive income for the year	-	64,336,614	64,336,614
Balance as at June 30, 2014	<u>150,000,000</u>	<u>67,048,366</u>	<u>217,048,366</u>
Balance as at July 1, 2014	150,000,000	67,048,366	217,048,366
Total comprehensive income for the year	-	1,054,156	1,054,156
Balance as at June 30, 2015	<u>150,000,000</u>	<u>68,102,522</u>	<u>218,102,522</u>

The annexed notes form an integral part of these financial statements.

  
CHIEF EXECUTIVE

&

  
DIRECTOR



1 STATUS AND NATURE OF BUSINESS

The Company was incorporated in Pakistan on 23 January 2013 as a Private Limited Company under the Companies Ordinance, 1984. The principal activity of the Company is trading of goods. The registered office of the Company is located at office # 701-A 7th Floor, Saima Trade Tower, I.I Chundrigar Road, Karachi.

- 1.1 An MOU dated May 3, 2014 was executed by M/s Agro Allianz (Private) Limited (the company) with sponsors holding majority shares of Karim Cotton Mills Ltd (KCML) for the long awaited revival of the Karim Cotton Mills Ltd subject to the condition that a scheme shall be presented to shareholders of both companies to merge the company with the KCML against issuance of shares to shareholders of the company by the KCML. Shareholders of both the companies have approved the scheme and the matter is before the High Court of Sindh for necessary sanction. As soon as the scheme is sanctioned by the high court of Sindh, the company shall stand merged with the KCML. In view of the above, these financial statements have been prepared under going concern basis.

2 STATEMENT OF COMPLIANCE

These Financial Statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Approved accounting standards comprise of Accounting and Financial Reporting Standards for Medium Size Entities issued by the Institute of Chartered Accountants of Pakistan and provisions of directives issued under Companies Ordinance, 1984. In case where requirements differ, the provisions or directives of Companies Ordinance, 1984 shall prevail.

3 BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention.

The Company's significant accounting policies are stated in note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

a) Provision for taxation

The Company takes into account the current income tax law and the decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers its views of items of material nature is in accordance with law, the amounts are shown as contingent liabilities.



b) **Useful life and residual values of Property, Plant and Equipment**

The Company reviews the useful lives of Property, Plant and Equipment on regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of Property, Plant and Equipment with a corresponding effect on the depreciation charge and impairment.

4 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

4.1 **Taxation**

The taxation is based on applicable tax laws at the current rates of taxation. Presently, the provision for taxation is based on final tax regime in accordance with the provision of section 154 of Income Tax Ordinance 2001.

4.2 **Property, plant and equipment**

These are stated at historical cost less accumulated depreciation and impairment loss. Depreciation is charged to profit and loss account applying the reducing balance method whereby the cost of an asset is written off over its useful life at the rates specified in note 5 to the financial statements. Depreciation on additions is charged from the month the asset is available for use upto the month preceding the month of disposal.

An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than the recoverable amount.

Where major components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the profit and loss account during the financial period in which they are incurred.

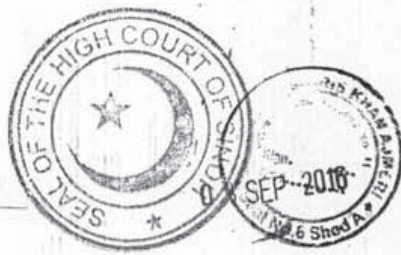
Disposal of asset is recognized when significant risk and rewards incidental to ownership have been transferred to buyers. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are taken to the profit and loss account.

Depreciation method, useful lives and residual values are reviewed annually and adjusted, if appropriate, at each balance sheet date.

Repairs and maintenance are charged to profit and loss account as and when incurred.

4.3 **Offsetting of financial assets and liabilities**

A financial asset and financial liability is offset and the net amount is reported in the balance sheet if the company has a legally enforceable right to set off the recognized amount and the Company intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.



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4.4 Stock-in-trade

Stock -in-trade, except for stock -in- transit, are valued at the lower of cost and net realizable value.

Stock in transit is valued at cost comparing invoice value plus other charges there on.

Net realizable value signifies the estimated selling price in the ordinary course of business less cost necessary to be incurred in order to make a sale.

4.5 Trade debts

Trade debts are carried at original invoice amount less an estimate made for doubtful receivable balances. Bad debts are written off as and when identified.

4.6 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at fair value as applicable. For the purposes of cash flow statements, cash and cash equivalents comprise cash in hand, balance with banks and short term placements readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

4.7 Provisions

Provision are recognized when the company has a present legal or constructive obligation as result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

4.8 Contingencies and Commitments

Contingent liabilities are not recognized in the these financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

4.9 Impairment

A financial asset is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in profit and loss account.

The carrying amount of the Company's non-financial assets carried at cost are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss, if any. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

4.10 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.



4.11 Foreign currency transactions and translation

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Foreign exchange gains and losses on translation are recognized in the profit and loss account. Non-monetary items are translated into Pak rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

4.12 Revenue recognition

Export Sales are recorded on the date of clearance of goods by custom.

Profit on deposits placed with banks are recognized on accrual basis.

5 PROPERTY, PLANT AND EQUIPMENT

Particulars	Free Hold Land	Building	Plant/Equip/Storage	Generator	Office Equipment	Vehicle	Total
Rupees							
Net book value as at July 1, 2013	18,500,000	740,128	26,465,000	115,400	124,425	1,693,562	47,638,605
Additions	3,700,000	17,002,990					
Disposals							20,702,990
Cost							
Accumulated depreciation							
Net book value							
Depreciation for the year		(1,774,312)	(3,969,750)	(17,324)	(18,664)	(254,034)	(6,034,084)
Balance as at June 30, 2014	22,200,000	15,968,806	22,495,250	98,167	105,761	1,439,528	62,307,512
Cost	22,200,000	17,743,118	26,465,000	115,480	124,425	1,693,562	68,341,595
Accumulated depreciation		(1,774,312)	(3,969,750)	(17,324)	(18,664)	(254,034)	(6,034,084)
Net book value	22,200,000	15,968,806	22,495,250	98,167	105,761	1,439,528	62,307,512
Net book value as at July 1, 2014	22,200,000	15,968,806	22,495,250	98,167	105,761	1,439,528	62,307,512
Additions							
Disposals							
Cost						915,000	915,000
Accumulated depreciation						(204,574)	(204,574)
Net book value	22,200,000	15,968,806	22,495,250	98,167	105,761	729,103	61,597,087
Depreciation for the year		(1,596,881)	(3,374,288)	(14,725)	(15,864)	(158,327)	(5,160,084)
Balance as at June 30, 2015	22,200,000	14,371,926	19,120,963	83,442	89,897	570,776	56,437,002
Cost	22,200,000	15,968,806	22,495,250	98,167	105,761	729,103	61,597,087
Accumulated depreciation		(1,596,881)	(3,374,288)	(14,725)	(15,864)	(158,327)	(5,160,084)
Net book value	22,200,000	14,371,926	19,120,963	83,442	89,897	570,776	56,437,002
Rate of depreciation		10%	15%	15%	15%	15%	

2015                      2014

Rupees

6 STOCK IN TRADE

Finish goods

22,286,546



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	2015	2014
	Rupees	
7 OTHER RECEIVABLES		
Receivables from associated undertaking	138,995,839	109,577,898
8 TAXATION-NET		
Balance at start of the year	22,811,024	(2,052,985)
Tax deducted at source	586	39,624,991
Provision for current year	(54,309)	(14,760,982)
Balance at end of the year	22,757,301	22,811,024
9 CASH AND BANK BALANCES		
Cash at banks-saving account	45,580	55,462
Cash at banks-current account	31,800	9,922
	77,380	65,384
10 ACCRUED EXPENSES	165,000	-
11 CONTINGENCIES AND COMMITMENTS		
No contingencies and commitments exist at the balance sheet date(2014: Nil).		
12 SALES		
Sales Revenue	41,471,975	1,476,098,193
13 COST OF SALES		
Opening stock		
Purchases:	22,286,546	21,758,662
-Local	-	749,412,877
-Import	11,359,945	474,997,723
Petrol expenses	33,646,491	1,246,169,262
Transportation expenses	-	93,920
Clearing/labour charges	-	18,260,960
Laboratory testing charges	-	5,365,392
Godown/port staff expense	-	371,000
Ware house expense	-	42,934
Freight charges / DO charges	-	189,960
Bank charges	-	18,836,328
Godown rent	-	1,196,134
General expense	-	1,035,360
Custom export expenses	-	241,500
Total expenses	-	36,993,706
Goods available for sale	33,646,491	82,627,194
Less: Closing stock	-	1,328,796,456
	-	(22,286,546)
Depreciation	33,646,491	1,306,509,910
Cost of sales	5,160,084	6,034,084
	38,806,575	1,312,543,994

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14 ADMINISTRATIVE EXPENSES

	2015	2014
	Rupees	
Staff salaries		540,000
Advertisement expenses	180,000	3,700
Audit fee	-	150,000
Fees and subscription charges	150,000	18,987
General postage and courier	768,987	11,563
Generator fuel expenses	4,550	52,890
Insurance expenses	38,240	985,000
Internet charges	117,714	24,000
Legal and professional expenses	8,000	90,000
Miscellaneous expenses	142,663	58,603
Office repair and maintenance	250,443	46,997
Printing expenses	-	68,165
Staff conveyance expenses	3,547	37,900
Stationary expenses	2,560	19,632
Travelling expenses	4,200	936,514
Vehicle expenses	-	168,997
	48,700	
	<u>1,719,608</u>	<u>3,212,948</u>

15 DISTRIBUTION COSTS

Freight expenses	-	29,093,457
Clearing and forwarding	-	33,845,240
Other export expenses	-	15,898,137
	-	<u>78,836,834</u>

16 OTHER INCOME

Gain on sale of property, plant and equipment	164,574	
Profit on saving account	2,801	129,346
	<u>167,375</u>	<u>129,346</u>

17 FINANCE COSTS

Bank charges and commission	4,702	2,536,167
-----------------------------	-------	-----------

18 REMUNERATION TO CHIEF EXECUTIVE AND DIRECTORS

Particulars	2015			2014		
	Chief Executive	Director	Total	Chief Executive	Directors	Total
Managerial remuneration	-	-	-	-	-	-
Housing and Conveyance	-	-	-	-	-	-
No. of Persons	1	3	4	1	3	4



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19 NUMBER OF EMPLOYEES

Number of employees including contractual employees at the end of year

Average number of employees including contractual employees during the year

2015	2014
1	3
1	3

20 RELATED PARTY TRANSACTIONS

The company had following transactions during the year:

Advances made

Advances repaid

Balance receivable at year end

2015	2014
128,129,595	183,246,547
98,711,654	73,668,649
138,995,839	109,577,898

21 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 05, 2015 by the Board of Directors of the Company.

22 GENERAL

Figures have been rounded off to the nearest of rupees.

CHIEF EXECUTIVE

02

DIRECTOR



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**FORM 34**  
**THE COMPANIES ORDINANCE 1984**  
 (Section 236(1) and 464)  
**PATTERN OF SHAREHOLDING**  
**AGRO ALLIANZ (PRIVATE) LIMITED**

Pattern of holding of the shares held by the shareholders as at

0 5 1 0 2 0 1 5

No of shareholders	Shareholdings	Total shares held
1	shareholding from 1 to 1,000 shares	1
3	shareholding from 1,001 to 100,000 shares	149,999
--	shareholding from 100,001 to 500,000 shares	--
--	shareholding from 500,001 to 700,000 shares	--
--	shareholding from 700,001 to 900,000 shares	--
--	shareholding from 900,001 to 1,000,000 shares	--
--	shareholding from 1,000,001 to 2,000,000 shares	--
--	shareholding from 2,000,001 to 3,000,000 shares	--
--	shareholding from 3,000,001 to 4,000,000 shares	--
--	shareholding from 4,000,001 to 5,000,000 shares	--
--	shareholding from 5,000,001 to 6,000,000 shares	--
--	shareholding from 6,000,001 to 7,000,000 shares	--
--	shareholding from 7,000,001 to 8,000,000 shares	--
4	<b>Total</b>	<b>150,000</b>

Categories of shareholders	Share held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children.	150,000	100%
Associated Companies, undertakings and related parties.	--	--
NIT and ICP	--	--
Banks Development Financial Institutions, Non Banking Financial Institutions.	--	--
Insurance Companies	--	--
Modarabas and Mutual Funds	--	--
Share holders holding 10% or more	--	--
General Public	--	--
a. Local	--	--
b. Foreign	--	--
Others (to be specified)	--	--
<b>TOTAL :</b>	<b>150,000</b>	<b>100%</b>

Signature of Chief Executive/ Director: 

Name of Signatory: MUHAMMAD FARRUKH

Designation: DIRECTOR

NIC Number: [ ] - [ ] - [ ] - [ ] - [ ] - [ ] - [ ] - [ ]

Date: Day 0 5, Month 1 0, Year 2 0 1 5

Note: In case there are more than one class of shares carrying voting rights, the information regarding each such class shall be given separately.



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October 15, 2015

The Board of Directors of  
Agro Allianz (Private) Limited  
Karim Cotton Mills Limited  
Karachi.

Dear Sirs,

Sub :- SWAP RATIO REPORT FOR MERGER OF AAPL WITH AND INTO KCML

**OBJECTIVE:**

This report is designed to recommend the basis for determination of swap ratio of Agro Allianz (Private) Limited (AAPL) and Karim Cotton Mills Limited (KCML) for the purposes of merger of AAPL with and into KCML.

**METHODOLOGY:**

The swap ratio has been calculated on the basis of book values of shares of both companies, AAPL and KCML.

**Usage of any other method:**

Normally three factors namely (i) book value / net asset value / breakup value, (ii) market value of shares, and (iii) dividend earning capacity of merging companies are given considerations while working out swap ratio.

As AAPL is an unlisted Company and KCML is listed Company at Stock Exchanges but its trading is suspended by the Securities and Exchange Commission of Pakistan w.e.f. August 13, 2010, therefore, the market value of shares of AAPL and KCML is not considered as one of the factors in calculating swap ratio, so as to compare the companies on equal grounds.

Similarly, the dividend earning capacity of AAPL and KCML is not considered as one of the factors, as AAPL and KCML have not declared any dividend.

The breakup value is, therefore, considered to be the most appropriate basis of merger of AAPL and KCML.

**BREAKUP VALUE OF AAPL:**

The book value of AAPL has been determined on the basis of audited financial statements as of June 30, 2015.

Issued, subscribed and paid up capital	Rupees	150,000,000
Un-appropriated profit	Rupees	69,102,522
Net worth	Rupees	218,102,522
Number of shares issued of Rs. 1,000/- each	Number	150,000
Breakup value per share on the basis of Share of Rs. 1,000/- each	Rupees	1,454.02

A MEMBER OF IECnet, A NETWORK OF INDEPENDENT ACCOUNTING & ADVISORY FIRMS

1st Floor, Mushtaq Mansion Fazl-ul-Haq Road, Blue Area, Islamabad, Pakistan. Tel: (92-51) 2805401-3, Fax: (92-51) 8358820, e-mail:stibli.rchan@SIRandCo.com  
OTHER OFFICES: Karachi - Lahore - Islamabad URL: www.iecnet.com.pk





IECnet S.K.S.S.S

CHARTERED ACCOUNTANTS

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www.iecnet.net

**BREAK-UP VALUE OF KCML:**

The book value of KCML has been determined on the basis of audited financial statements as of June 30, 2015.

Issued, subscribed and paid up capital	Rupees	11,832,940
Accumulated loss	Rupees	(12,579,403)
Net worth		
Number of shares issued of Rs. 10/- each	Rupees	(746,463)
Negative Breakup value per share	Number	1,183,294
Value taken for swap.ratio	Rupees	(0.631)
	Rupees	10

**SWAP RATIO:**

Above calculations reveal a swap ratio of 145.4: 1. The swap arrangement of AAPL with and into KCML is recommended as "In respect of every one (1) ordinary share of Rs. 1,000/- each in Agro Allianz (Private) Limited, there shall be allotted 145.4 ordinary shares of Rs. 10/- each of Karim Cotton Mills Limited".

**DISCLAIMER:**

This report is meant purely for use and guidance of the management of the respective companies for determining swap ratios for the merger of Agro Allianz (Private) Limited with and into Karim Cotton Mills Limited and its consequent submission to SECP, shareholders, Honorable High Court and other parties related to the aforesaid reconstruction process.

Yours truly,

*IECnet S.K.S.S.S*

IECnet S.K.S.S.S.  
Chartered Accountants

A MEMBER OF IECnet, A NETWORK OF INDEPENDENT ACCOUNTING & ADVISORY FIRMS

1st Floor, Mushiaq Mansion Fazl-ul-Haq Road, Blue Area, Islamabad, Pakistan. Tel: (92-51) 2805401-3, Fax: (92-51) 8358820, e-mail:shibli.rehan@SIRandCo.com  
OTHER OFFICES: Karachi - Lahore - Islamabad URL: www.iecnet.com.pk



03 SEP



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AGRO ALLIANZ (PRIVATE) LIMITED  
RESOLUTION PASSED BY THE  
BOARD OF DIRECTORS IN THEIR MEETING  
HELD ON AUGUST 15, 2015

It is resolved that pursuant to Securities and Exchange Commission of Pakistan observation in its comments dated May 28, 2015 to the Merger Petition in JM 5 of 2015 in the High Court of Sindh at Karachi regarding swap ratio to be calculated on the basis of audited accounts of the Company by a O.R. rated firm of Chartered Accountants. It is resolved that M/ IECnet S.K.S.S.S., Chartered Accountants be and are hereby appointed as auditor of the Company for audit of accounts for the year ended June 30, 2015 and formalities required be completed in accordance with the requirements of the Companies Ordinance, 1984.

Further resolved that swap ratio shall be calculated on the basis of such audited accounts for the year ended June 30, 2015 and Scheme of Arrangement as approved by the shareholders in Extraordinary General Meeting dated April 11, 2015 be amended accordingly within the terms of clause 5 of the Scheme subject to directions, if any, of the Hon'ble High Court in this regard.

CERTIFIED TO BE TRUE COPY:

  
SHAH AMINUL HAQ  
Company Secretary



**AGRO ALLIANZ (PRIVATE) LIMITED  
RESOLUTION PASSED BY THE  
BOARD OF DIRECTORS IN THEIR MEETING  
HELD ON JUNE 15, 2015**

It is resolved that due to the fact that the Hon'ble High Court of Sindh is closed for summer holidays until first week of August 2015 the Scheme cannot be sanctioned and /or implemented on or before June 30, 2015, therefore, pursuant to and within the terms of clause 1 and clause 19 of the Scheme, duly approved by the shareholders in Extraordinary General Meeting dated April 11, 2015 the effective date of January 01, 2015 and the implementation date of June 30, 2015 of the Scheme be and are hereby extended respectively to March 31, 2016 so that the same is implemented pursuant to and within the terms of the High Court Order in JM 5 of 2015 and the assets and liabilities of the Company as on the effective date based on audited financial statements of the Company be used to draw financial statements of the merged entity.

CERTIFIED TO BE TRUE COPY:

  
SHAH AMIN UL HAQ  
Company Secretary



# KARIM COTTON MILLS LIMITED

14/E, 2<sup>ND</sup> FLOOR, WRITERS CHAMBERS,  
MUMTAZ HASSAN ROAD, KARACHI - 74000  
Email: [m.idrees.karim@yahoo.com](mailto:m.idrees.karim@yahoo.com)  
Phone # 021-32427603  
Mobile # 0300-8236902

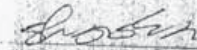
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## RESOLUTION PASSED BY THE BOARD OF DIRECTORS IN THEIR MEETING HELD ON AUGUST 15, 2015

It is resolved that pursuant to Securities and Exchange Commission of Pakistan observation in its comments dated May 28, 2015 to the Merger Petition in JM 5 of 2015 in the High Court of Sindh at Karachi regarding swap ratio to be calculated on the basis of audit of accounts of the Agro Allianz (Private) Limited by a QCR rated firm of Chartered Accountants.

Resolved, that swap ratio shall be calculated on the basis of such audited accounts for the year ended June 30, 2015 and Scheme of Arrangement as approved by the shareholders in Extraordinary General Meeting dated April 11, 2015 be amended accordingly within the terms of clause 5 of the Scheme subject to directions, if any, of the Hon'ble High Court in this regard.

CERTIFIED TO BE TRUE COPY:

  
MUHAMMAD SADIQUE  
Company Secretary



# KARIM COTTON MILLS LIMITED


14/E, 2<sup>ND</sup> FLOOR, WRITERS CHAMBERS,  
MUMTAZ HASSAN ROAD, KARACHI - 74000  
Email: [midrees.karim@yahoo.com](mailto:midrees.karim@yahoo.com)  
Phone # 021-32427603  
Mobile # 0300-8236902

(3)

## RESOLUTION PASSED BY THE BOARD OF DIRECTORS IN THEIR MEETING HELD ON JUNE 15, 2015

It is resolved that due to the fact that the Hon'ble High Court of Sindh is closed for summer holidays until first week of August 2015 the Scheme cannot be sanctioned and / or implemented on or before June 30, 2015, therefore, pursuant to and within the terms of clause 1 and clause 19 of the Scheme, duly approved by the shareholders in Extraordinary General Meeting dated April 11, 2015 the effective date of January 01, 2015 and the implementation date of June 30, 2015 of the Scheme be and are hereby extended respectively to March 31, 2016 so that the same is implemented pursuant to and within the terms of the High Court Order in JM 5 of 2015 and the assets and liabilities of the Company as on the effective date based on audited financial statements of the Company be used to draw financial statements of the merged entity.

CERTIFIED TO BE TRUE COPY:

  
MUHAMMAD SIDDIQUE  
Company Secretary





Corporate Supervisions Department  
Company Law Division

Say No To Corruption

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THROUGH COURIER

December 23, 2015

No. CSD/ARN/228/2015- 2211

Karim Cotton Mills Ltd.  
14/E, 2<sup>nd</sup> Floor, Writers Chamber  
Mumtaz Hassan Road  
Karachi.

Subject: (i) Show Cause Notice dated November 24, 2015 under Section 245 r.w. Section 476 . . .  
(ii) Show Cause Notice dated July 26, 2005 under Sub-Section (b) of Section 309 of the Companies Ordinance, 1984.

Dear Sir/Madam,

We are writing in respect of our subject show cause notices.

2. In connection with this, I am directed to inform you that hearing in the subject matter has been fixed as follows:

Before:	Ali Azeem Ikram, Executive Director(Corporate Supervision)
Section:	SCN u/s 309 dated July 26, 2005
Date:	January 06, 2016
Time:	12:00 - 12:15 P.M
Venue:	7th Floor, NIC Building, 63-Jinnah Avenue, Blue Area, Islamabad.

Before:	Ms. Amina Aziz, Director (Corporate Supervision)
Section:	SCN u/s 245 dated November 24, 2015
Date:	January 06, 2016
Time:	12:15 - 12:30 PM
Venue:	7th Floor, NIC Building, 63-Jinnah Avenue, Blue Area, Islamabad.

You may appear in person or through authorized representative. In case you wish to attend hearing from Karachi through video link facility, please submit your consent on the format enclosed herewith, within three (3) days.

3. If you give your consent for hearing through video link facility, we shall make necessary arrangements for hearing through video link facility available in Company Registration Office of the Commission, situated at 5th Floor, State Life Building No. 2, Wallace Road, Karachi, on the abovementioned time and date.

In case any of the respondents wish to be represented through an authorized representative, a power of attorney executed by all such respondents to authorize the representative must be submitted accordingly.

Aqeel A. Zeeshan  
Joint Director



SECURITIES AND EXCHANGE  
COMMISSION OF PAKISTAN  
NIC Building, 63 Jinnah Avenue,  
Islamabad, Pakistan

PABX: +92-51-9207091-4, Fax: +92-51-9100454, 9100471, Email: webmaster@secp.gov.pk, Website: www.secp.gov.pk

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# KARIM COTTON MILLS LIMITED

14/E, 2<sup>nd</sup> Floor, Writers Chambers, Mumtaz Hasan Road, Karachi - 74000

Phone No. 021-32427603 & 0300-8236902

Email: [m.idrees\\_karim@yahoo.com](mailto:m.idrees_karim@yahoo.com)

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January 04, 2016

Mr. Ali Azeem Ikram,  
Executive Director  
(Corporate Supervision Department)  
Company Law Division,  
Securities and Exchange Commission of Pakistan,  
NIC Building, 63 Jinnah Avenue,  
Islamabad.

Dear Sir,

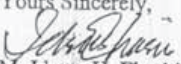
Sub :- SHOW CAUSE NOTICE DATED JULY 26, 2005 UNDER SECTION 309  
OF THE COMPANIES ORDINANCE, 1984

We acknowledge the receipt of your hearing notice No. CSD/ARN/228/2015-2211 dated December 23, 2015 regarding show cause notice dated July 26, 2005 under Section 309 of the Companies Ordinance, 1984. In this respect, we submit as under:

As you are aware that, Karim Cotton Mills Limited has closed its operations since 1995 and presently not carrying any business and to safeguard the interest of minority shareholders we were continuously trying to revive the Company and by the grace of Allah we have been successful in this respect and the Company is in the process of merger with Agro Allianz (Private) Limited, a Company belonging to a sound business group. The merger petition is with the High Court of Sindh at order stage.

We expect that merger scheme will be sanctioned by the High Court of Sindh by the end of current month and merger will be completed accordingly.

In the light of above submissions, you are requested to drop the proceeding so initiated and oblige.

Yours Sincerely,  
  
M. Idrees H. Ebrahim  
Chief Executive



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Corporate Supervisions Department  
Company Law Division

Say No To Corruption

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THROUGH COURIER

January 06, 2016

No. CSD/ARN/228/2015- 1297

Karim Cotton Mills Ltd.  
14/E, 2<sup>nd</sup> Floor, Writers Chamber  
Mumtaz Hassan Road  
Karachi.

Subject: Show Cause Notice dated July 26, 2005 under Sub-Section (b) of Section 309 of the Companies Ordinance, 1984.

Dear Sir/Madam,

We are writing in respect of our subject show cause notice dated July 26, 2005. A hearing in the matter held today on January 06, 2016 before the Executive Director (CSD), the authorized officer, and Mr. Idrees H. Ibrahim represented the Company and its board of directors. Based on submission by Mr. Idrees H. Ibrahim, the authorized officer has allowed one month time for finalization of merger petition pending in the High Court for revival plan of the Company.

2. In connection with this, I am directed to inform you that another hearing in the matter has been fixed as follows:

Before:	Ali Azeem Ikram, Executive Director(Corporate Supervision)
Section:	SCN u/s 309 dated July 26, 2005
Date:	February 08, 2016
Time:	11:00-11:30 A.M
Venue:	7 <sup>th</sup> Floor, NIC Building, 63-Jinnah Avenue, Blue Area, Islamabad

You may appear in person or through authorized representative. In case you wish to attend hearing from Karachi through video link facility, please submit your consent on the format enclosed herewith, within three (3) days.

3. If you give your consent for hearing through video link facility, we shall make necessary arrangements for hearing through video link facility available in Company Registration Office of the Commission, situated at 5th Floor, State Life Building No. 2, Wallace Road, Karachi, on the abovementioned time and date.

In case any of the respondents wish to be represented through an authorized representative, a power of attorney executed by all such respondents to authorize the representative must be submitted accordingly.

Aqeel A. Zeeshan  
Joint Director



SECURITIES AND EXCHANGE  
COMMISSION OF PAKISTAN  
NIC Building, 63 Jinnah Avenue,  
Islamabad, Pakistan

PABX: +92-51-9207091-4, Fax: +92-51-9100454, 9100471, Email: webmaster@secp.gov.pk, Website: www.secp.gov.pk

# KARIM COTTON MILLS LIMITED

14/E, 2<sup>nd</sup> Floor, Writers Chambers, Mumtaz Hasan Road, Karachi - 74000

Phone No. 021-32427603 & 0300-8236902

Email: [m.idrees\\_karim@yahoo.com](mailto:m.idrees_karim@yahoo.com)

February 08, 2016

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Mr. Ali Azeem Ikram,  
Executive Director  
(Corporate Supervision Department)  
Company Law Division,  
Securities and Exchange Commission of Pakistan,  
N/C Building, 63 Jinnah Avenue,  
Islamabad.

Dear Sir,

Sub :- **SHOW CAUSE NOTICE DATED JULY 26, 2005 UNDER SECTION 309  
OF THE COMPANIES ORDINANCE, 1984**

We acknowledge the receipt of your hearing notice No. CSD/ARN/228/2015-1297 dated January 06, 2016 regarding show cause notice dated July 26, 2005 under Section 309 of the Companies Ordinance, 1984 and fixation of another hearing in continuation of hearing dated January 06, 2016. In this respect, we submit as under:


As you are aware that, Karim Cotton Mills Limited has closed its operations since 1995 and presently not carrying any business and to safeguard the interest of minority shareholders we were continuously trying to revive the Company and by the grace of Allah we have been successful in this respect and the Company is in the process of merger with Agro Allianz (Private) Limited, a Company belonging to a sound business group. The merger petition is with the High Court of Sindh at order stage.

The Honorable Sindh High Court has fixed hearing on February 26, 2016, however, we have advised our advocate to file an application for urgent hearing.

We expect that merger scheme will be sanctioned by the High Court of Sindh in the current month and merger will be completed accordingly.

In the light of above submissions, you are requested to drop the proceeding so initiated and oblige.

Yours Sincerely,

  
M. Idrees H. Ebrahim  
Chief Executive



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# KARIM COTTON MILLS LIMITED

14/E, 2<sup>ND</sup>, FLOOR, WRITERS CHAMBERS,  
MUMTAZ HASSAN ROAD, KARACHI.  
Email: m.idrees\_karim@yahoo.com  
PHONE # (021) 32427603

February 9<sup>th</sup>, 2016

Mr. Aqeel A. Zeeshan,  
Joint Director (Corporate Supervision),  
Security & Exchange Commission of Pakistan,  
Islamabad.

Subject: Hearing in the matter show cause dated July 26 2005 under sub section (6) of section 309 of the companies ordinance 1984

Dear Sir

This is with reference to your hearing notice dated 3<sup>rd</sup> February, 2016 received by us on 8<sup>th</sup> February '2016 and the telephonic conversation of the undersigned with your kind self and with Madam Amina Aziz, Director (Corporate Supervision), wherein the undersigned who was at the Company registration office of the commission to attend the hearing, had submitted in writing and informed your good self and Madam Amina Aziz that the Honorable Sindh High Court has fixed hearing on 26<sup>th</sup> February '2016. We expect that the merger scheme will be sanctioned by the Honorable High Court of Sindh in the current month and the merger will be completed accordingly.

We undertake to update you on the outcome of the hearing of 26<sup>th</sup> February '2016 and we humbly request you to drop the proceedings so initiated and oblige.

Thanking you we remain  
Yours truly

For Karim Cotton Mills Limited

  
Chief Executive



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Shipper's A/c. No.
Reference / Job

History ID 0414KHIXN50088331

306018143903

GST No. 12-00-9806-002-73

COURIER	
Origin	Destination
KHI	ISB

From (Shipper)

KARIM COTTON MILLS LTD  
14/E 2ND FLOOR WRITTER CHAMBER  
MUMTAZ HASSAN ROAD KARACHI

Phone#  
SMS 03001236902  
Email  
KARACHI

Shipment Detail	Coupon	Discount
Declared Value 0.00		

Pieces	Weight	
1	0.50	
Dimension of Shipment		
0	0	0
Service Type		
OVERNIGHT		
Mode of Payment		
CASH		

To (Consignee)

MR AQEEL A ZEESHAN  
JOINT DIRECTOR CORP  
SUPERVISION DEPARTMENT SECP  
7TH FLOOR NIG BUILDING 63  
JINNAH AVENUE ISB

Phone#  
0519207991

Ref. No.

موسم کی خرابی کی وجہ سے شہنت پہنچنے میں تاخیر ہوسکتی ہے

Receiver's Signature

Date 10/02/2016  
Time 16:18:19

Charges	Pak. Rupees
Service	193.00
Out of Serv	0.00
Handling	0.00
Others	0.00
GST	27.00
Ins. Prem.	0.00
Partner Amt.	0
<b>Total</b>	<b>220</b>

Sender's Authorization

I warrant that I have read the terms and conditions on the reverse of this consignment note and that all details given herein are true and correct. I further declare that the contents of this consignment do not contain any matter. This is in addition to this consignment note in public notice evidence of the contents of contract between shipper and TCS (PVT) LTD.

Shipper's Signature

Booking Details

Staff 7848 ZIA UR REHMAN

Route X03105 Date 10/02/2016 Time 16:18:19

BAHADURABAD EXP. CENTRE

Receiver's Signature  
Receiving Time



A 24/7 courier pickup service allowing you to send your documents & parcels up to 25 kgs right from your doorstep. We promise to reach you in 60 minutes guaranteed, pick and pack your parcel, and forward to your desired destination. Be it a Holiday or 3am in the morning, We are HAZIR!

This service is initially available in Karachi, Lahore, Islamabad & Rawalpindi

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