

# NISHAT MILLS LIMITED



SECY/STOCKEXC/ 530

March 18, 2015

1) The General Manager,  
Karachi Stock Exchange Limited  
Stock Exchange Building  
Stock Exchange Road, KARACHI.

**Fax No. (021) 111 573 329**

2) The Secretary,  
Lahore Stock Exchange Ltd.  
19-Khyaban-e-Aiwan-e-Iqbal, LAHORE.

**Fax No. (042) 3638485**

3) The Secretary,  
Islamabad Stock Exchange Ltd.  
55-B, ISE Towers, Jinnah Avenue,  
ISLAMABAD.

**Fax No. (051) 111 473 329**

4) The Executive Director  
Monitoring & Enforcement Division  
Securities & Exchange Commission of Pakistan  
8<sup>th</sup> Floor, NIC Building, Jinnah Avenue,  
Blue Area, ISLAMABAD.

**Fax No. (051) 9218592, 9204915**

## **SUB: NOTICE OF EXTRA ORDINARY GENERAL MEETING**

Dear Sir,

Further to our Letter No. EXCANGES/2012/360 dated February 24, 2015, enclosed please find a copy of the Notice of Extra Ordinary General Meeting of the shareholders of **Nishat Mills Limited** to be held on April 21, 2015 (Tuesday) at 11:00 A.M. Nishat Hotel, at 9-A, Mian Mahmood Ali Kasuri Road, Gulberg III, Lahore alongwith Scheme of Compromises, Arrangements and Reconstruction for circulation amongst the members.

Thanking you

Yours sincerely,

  
**KHALID MAHMOOD CHOCHAN**  
**COMPANY SECRETARY**

**HEAD OFFICE**

: 7-MAIN GULBERG, LAHORE PAKISTAN.UAN:111 33 22 00 TEL: 92-42-35716351-9 FAX:92-42-35716350 E-MAIL: nishat@nishatmills.com

**REGISTERED OFFICE & SHARES DEPTT** : NISHAT HOUSE, 63-A, LAWRENCE ROAD, LAHORE - PAKISTAN PH : (042) 36367812-15 TLX : 47523 NISHAT PK, FAX : (042) 36367414

# NISHAT MILLS LIMITED



## NISHAT MILLS LIMITED

### NOTICE OF EXTRA ORDINARY GENERAL MEETING OF SHAREHOLDERS

Notice is hereby given that an extra ordinary general meeting of shareholders of Nishat Mills Limited will be held at 11:00 A.M on Tuesday, April 21, 2015 at Nishat Hotels, 9-A, Mian Mahmood Ali Kasuri Road, Gulberg III, Lahore, to transact the following business:

#### SPECIAL BUSINESS

1. To consider and if thought fit to pass following resolution as a special resolution with or without modification:

Resolved unanimously, "Scheme of Compromises, arrangements and reconstruction under sections 284 to 288 of the Companies Ordinance, 1984 between Nishat Spinning (Private) Limited and its members and Nishat Linen (Private) Limited and its members and Nishat Mills Limited and its members put before the meeting be and is hereby agreed, approved and adopted, subject to any modification which may be required by the Honorable Lahore High Court".

Further resolved, "Appropriate legal and corporate proceedings be initiated to put into effect and implement the aforesaid "Scheme of compromises, arrangements and reconstruction".

#### GENERAL BUSINESS

2. To transact any other business with permission of the chair.

BY ORDER OF THE BOARD

  
KHALID MAHMOOD CHOCHAN  
Company Secretary

Dated: February 24, 2015

#### NOTES:

1. The scheme of arrangement and statement u/s 286(1)(a)/160(1)(b) are appended herewith. These documents and other related information may also be inspected during business hours at the registered office of the company or obtained on written request before the date of the meeting.
2. The Share Transfer Books of Ordinary Shares of the Company shall remain closed from 14-04-2015 to 21-04-2015 (both days inclusive). Physical transfers / CDS Transactions

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**HEAD OFFICE**

: 7-MAIN GULBERG, LAHORE PAKISTAN. JAN: 111 33 22 00 TEL: 92-42-35716351-9 FAX: 92-42-35716350 E-MAIL: nishat@nishatmills.com

**REGISTERED OFFICE & SHARES DEPTT** : NISHAT HOUSE, 53-A, LAWRENCE ROAD, LAHORE - PAKISTAN PH : (042) 36367812-15 TLX : 47523 NISHAT PK, FAX : (042) 36367414

## NISHAT MILLS LIMITED



IDs received in order up to 1:00 p.m. on 13-04-2015 at Company's Share Registrar, M/s THK Associates (Pvt) Limited, Ground Floor, State Life Building No. 3, Dr. Zia Uddin Ahmed Road, Karachi, will be considered in time attending of meeting.

3. A shareholder entitled to attend and vote at this meeting may appoint another shareholder as his/her proxy to attend and vote on his/her behalf. The instrument appointed a proxy and the power of attorney or other authority under which it is signed or a notarized certified copy of the power of attorney must be received at the registered office of the company duly stamped, signed and witnessed not later than 48 hours before the meeting. An instrument of proxy applicable for meeting is attached herewith.
4. Shareholders are requested to notify any change in their addresses immediately.
5. CDC account holders will further have to follow the guidelines as laid down in circular No.1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan:
  - a) For attending the meeting
    - i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
    - ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signatures of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.
  - b) For Appointing Proxies
    - i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
    - ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
    - iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
    - iv) The proxy shall produce his original CNIC or original passport at the time of the Meeting.
    - v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signatures shall be submitted (unless it has been provided earlier) along with proxy form to the company.

# NISHAT MILLS LIMITED



## STATEMENT ACCOMPANYING NOTICE TO THE MEMBERS OF NISHAT MILLS LIMITED UNDER SECTIONS 160(1)(B)/ 286(1)(A) OF THE COMPANIES ORDINANCE, 1984

### COMPROMISES, ARRANGEMENTS AND RECONSTRUCTION UNDER SECTIONS 284 TO 288 OF THE COMPANIES ORDINANCE, 1984 BETWEEN NISHAT SPINNING (PRIVATE) LIMITED AND ITS MEMBERS AND NISHAT LINEN (PRIVATE) LIMITED AND ITS MEMBERS AND NISHAT MILLS LIMITED AND ITS MEMBERS

The accompanying copy of the notice is for the purpose of convening the meeting of the shareholders for the purpose of passing of the special resolution specified in the notice for obtaining the approval of the Scheme from the shareholders.

#### Capital

The authorized share capital of Nishat Mills Limited (NML) is Rupees 11,000,000,000 divided into 1,100,000,000 ordinary shares of Rupees 10 each and it's issued, subscribed and paid up capital is Rupees 3,515,998,480 divided into 351,599,848 ordinary shares of Rupees 10 each.

The authorized share capital of Nishat Spinning (Private) Limited (NSPL) is Rupees 10,000,000 divided into 1,000,000 ordinary shares of Rupees 10 each and it's issued, subscribed and paid up capital is Rupees 10,000 divided into 1,000 ordinary shares of Rupees 10 each.

The authorized share capital of Nishat Linen (Private) Limited (NLPL) is Rupees 10,000,000 divided into 1,000,000 ordinary shares of Rupees 10 each and it's issued, subscribed and paid up capital is Rupees 7,000,000 divided into 700,000 ordinary shares of Rupees 10 each.

#### The benefits

The rationale of the proposed scheme of compromises, arrangements and reconstruction under sections 284 to 288 of the Companies Ordinance, 1984 and its main benefits are, inter alia summarized as under:-

NSPL and NLPL are wholly owned subsidiaries of NML. Each of the business of undertakings has significant potential for growth and profitability. However, since the nature of risks, considerations, factors and commercial parameters applicable to the business of undertakings are comparatively different, therefore, in order to enhance shareholder value and de-risk the business of the undertakings, it is proposed to restructure by way of scheme of compromises, arrangements and restructure.

The proposed scheme will result in better efficient and economical management control in running the businesses and further development and growth of business.

The proposed scheme would allow a focused strategy in operation of NLPL and NML and create enhanced value to shareholders.

## **NISHAT MILLS LIMITED**



The implementation of the proposed scheme will result in substantial administrative cost saving and economies of scale leading to enhanced profitability that is likely to benefit the shareholders. Some of the benefits which will accrue after implementation of the scheme are the reduction of various administrative, corporate functions, preparation of annual accounts, maintaining of statutory records, books and statements, filing of forms with various Corporate / Government / Regulatory Agencies, accounting, legal and professional services etc.

### **The scheme**

The main objects of the Scheme are: to effect merger of NSPL and its members with and into NLPL and NML and their members through the transfer and vesting in NLPL and NML of Undertaking of NSPL and to transfer the Sewing Undertaking of NML and vest the same with and into NLPL against adjustment of fully paid ordinary shares in NSPL, in lieu of investment made by NML and issue of 367,913 ordinary shares by NLPL to NML without further act or deed or documents being required to be executed, registered or filed in respect of such transfer, vesting and / or assumption.

### **Approval of the scheme**

The board of directors has approved the scheme of compromises, arrangements and reconstruction under section 284 to 288 of the Companies Ordinance, 1984 between NSPL and its members and NLPL and its members and NML and its members. 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 shareholders 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.

### **Basis of amalgamation**

Upon the Scheme coming into effect and upon merger of NSPL with and into NLPL and NML and upon vesting of the Sewing Undertaking of NML with and into NLPL in accordance with the Court order, the consideration shall be settled as follows:

As NSPL is a wholly owned subsidiary of NML, the issued, subscribed and paid up share capital appearing in the books of NSPL will be set off against the respective investment appearing in the books of NML. NLPL will issue 367,913 ordinary shares of Rupees 10 each to NML based on break-up value per ordinary share of NLPL of Rupees 692.02 as at 31 December 2014 as per audited financial statements of NLPL for the period ended 31 December 2014. The difference arising out of issuance of ordinary shares of NLPL to NML at break-up value will be treated as revenue reserve in the books of account of NLPL. Each of the assets and liabilities of NSPL as per the respective audited accounts as on 31 December 2014, will form an asset or a liability of corresponding nature in the books of NLPL and NML (Schedule – 1 of the Scheme) except

# NISHAT MILLS LIMITED



receivables and payables between NSPL and NLPL, which will be deleted. Likewise, the accumulated loss of NSPL as on 31 December 2014 shall constitute loss of corresponding nature of NLPL. As the shares of NSPL will be set off against respective investment of NML, therefore all share certificates issued by NSPL shall stand cancelled.

For the purpose of allotment to be calculated as specified above, fractional allotments of above 0.5 shall be rounded up to the nearest one share and below 0.5 shall be ignored.

The allotment of the ordinary shares of NLPL in accordance with clause 5.1(a) hereof shall be made by NLPL within 30 days from the notified date.

Upon the allotment of the ordinary shares in NLPL in accordance with aforesaid clauses hereof, to the NML in the manner aforesaid, the entitlements of the NML under this Scheme shall stand fully satisfied.

The ordinary shares of NLPL upon issue and allotment pursuant to this Scheme shall rank pari passu with the existing ordinary shares of NLPL in all respects and shall be entitled to all dividends declared after the Completion Date.

Authorized share capitals of Rupees 10,000,000 divided into 1,000,000 ordinary shares of Rupees 10 each of NSPL as on Effective Date shall be merged with authorized share capital of Rupees 10,000,000 divided into 1,000,000 ordinary shares of Rupees 10 each of NLPL which will result in total authorized share capital of Rupees 20,000,000 divided into 2,000,000 ordinary shares of Rupees 10 each of NLPL as on Effective Date.

Issued, subscribed and paid up capitals of NSPL and NLPL were Rupees 10,000 and Rupees 7,000,000 respectively as on 31 December 2014. After cancellation / adjustment of shares of NSPL and issue of 367,913 ordinary shares by NLPL to NML, total issued, subscribed and paid up capital of NLPL shall be Rupees 10,679,130 divided into 1,067,913 ordinary shares of Rupees 10 each.

## Shareholding

Following are the present holding of shares in NSPL, NLPL and NML by the directors of undertakings:

DIRECTORS	SHAREHOLDING
<b>NISHAT MILLS LIMITED</b>	
Mian Umer Mansha	44,292,572
Mian Hassan Mansha	44,372,016
Mr. Khalid Qadeer Qureshi	725
Syed Zahid Hussain – Nominee NIT	-

## NISHAT MILLS LIMITED



Mr. Saeed Ahmad Alvi	100
Ms. Nabiha Shahnawaz Cheema	3,625
Mr. Maqsood Ahmad	500

### NISHAT SPINNING (PRIVATE) LIMITED

Mr. Khalid Qadeer Qureshi	1 (On behalf of Nishat Mills Limited)
Mr. Mahmood Akhtar	1 (On behalf of Nishat Mills Limited)

### NISHAT LINEN (PRIVATE) LIMITED

Mr. Muhammad Yousaf Tareen	1 (On behalf of Nishat Mills Limited)
Mr. Faisal Naseem Kari	1 (On behalf of Nishat Mills Limited)

#### Interest of directors

All the directors of NML, NSPL and NLPL are interested to the extent of shares that are held by them in NML, NSPL and NLPL. The effect of the scheme on the interest of these directors does not differ from its effects on the like interest of other shareholders.

Those directors who are performing full time executive functions are also interested to the extent of remuneration, benefits and allowances as per the policies of the companies.

#### Compensation for loss of office

No Compensation is payable to any of the directors on account of their relinquishing their respective offices in NSPL after the implementation of the scheme.

#### Documents for inspection

Documents pertaining to scheme of compromises, arrangements and reconstruction of all undertakings are available for inspection at the registered office of the Company at 53-A, Lawrence Road, Lahore and may be inspected on any working day till the conclusion of the meeting in which the resolution for approval of the scheme will be adopted.

### Statement under Rule 4(2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012

# NISHAT MILLS LIMITED



Name of Investee Company	MCB Bank Limited	Nishat Hotels and Properties Limited	Nishat Power Limited
<b>Total Investment Approved:</b>	Equity investment of Rupees 2.593 billion was approved by members in EOGM held on March 31, 2014 for the period of three (3) years.	Equity investment of Rupees 1 billion was approved by members in EOGM held on March 31, 2014 for the period of three (3) years.	Investment of Rupees 1.5 billion by way of loans and advances was approved by members in EOGM held on March 31, 2014 for the period of three (3) years.
<b>Amount of Investment Made to date:</b>	Investment of Rupees 434.628 million has been made against this approval to date.	Nil	Nil
<b>Reasons for not having made complete investment so far where resolution required it to be implemented in specified time:</b>	Partial investment has been made in investee company. Further investment will be made depending on market conditions at appropriate time.	Commercial operations of the investee company have not yet started. Nishat Mills Limited will make equity investment at a suitable time after considering the macro economic conditions of the country.	No loan has been extended after the approval because funds request has not yet been made by the investee company.
<b>Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company:</b>	At the time of approval, as per then available latest financial statements for the year ended 31 December 2013, the basic Earnings per Share was Rs. 19.31 and Break-up Value per Share was Rs. 87.39. As per latest available financial statements for the half year ended 31 December 2014, the Basic Earnings per share is Rs. 21.85 and Break-up Value per Share is Rs.96.05.	At the time of approval, as per then available latest financial statements for the year ended 30 June 2013, the basic Loss per Share was Re.0.37 and Break-up Value per Share was Rs.12.26. As per latest available financial statements for the year ended 30 June 2014, the basic loss per share is Re.0.11 and Break-up Value per Share is Rs.10.24.	At the time of approval, as per then available latest financial statements for the year ended 30 June 2013, the basic Earnings per Share was Rs.7.74 and Break-up Value per Share was Rs.26.00. As per Latest available financial statements for the half year ended 31 December 2014, the Basic Earnings per share is Rs.5.37 and Break-up Value per Share is Rs.32.62.



**SCHEME OF COMPROMISES, ARRANGEMENTS  
AND RECONSTRUCTION**

**UNDER SECTIONS 284 TO 288 OF THE COMPANIES ORDINANCE, 1984**

**BETWEEN**

**NISHAT SPINNING (PRIVATE) LIMITED  
AND ITS MEMBERS**

**AND**

**NISHAT LINEN (PRIVATE) LIMITED  
AND ITS MEMBERS**

**AND**

**NISHAT MILLS LIMITED  
AND ITS MEMBERS**

**CONSULTANTS TO THE MERGER**

**IMTIAZ SIDDIQUI AND ASSOCIATES  
Advocates and Solicitors**

**SCHEME OF COMPROMISES, ARRANGEMENTS AND RECONSTRUCTION UNDER SECTIONS 284 TO 288 OF THE COMPANIES ORDINANCE, 1984 BETWEEN NISHAT SPINNING (PRIVATE) LIMITED AND ITS MEMBERS AND NISHAT LINEN (PRIVATE) LIMITED AND ITS MEMBERS AND NISHAT MILLS LIMITED AND ITS MEMBERS**

**ARTICLE – 1**

**1. CORPORATE INFORMATION**

**NISHAT SPINNING (PRIVATE) LIMITED**

**Board of Directors**

Mr. Khalid Qadeer Qureshi	:	Director / Chief Executive Officer
Mr. Mahmood Akhtar	:	Director
Mr. Khalid Mahmood Chohan	:	Company Secretary
Mr. Badar-ul-Hassan	:	Chief Financial Officer
Registered Office	:	53 – A, Lawrance Road, Lahore
Authorized Share Capital	:	Rupees 10,000,000 divided into 1,000,000 ordinary shares of Rupees 10 each.
Issued, Subscribed and Paid up Capital	:	Rupees 10,000 divided into 1,000 ordinary shares of Rupees 10 each.

**NISHAT LINEN (PRIVATE) LIMITED**

**Board of Directors**

Mr. Muhammad Yousaf Tareen	:	Director / Chief Executive Officer
Mr. Faisal Naseem Kari	:	Director
Mr. Khalid Mahmood Chohan	:	Company Secretary
Mr. Badar-ul-Hassan	:	Chief Financial Officer
Registered Office	:	3 Yahya Block, Nishatabad, Faisalabad

Authorized Share Capital : Rupees 10,000,000 divided into 1,000,000 ordinary shares of Rupees 10 each.

Issued, Subscribed and Paid up Capital : Rupees 7,000,000 divided into 700,000 ordinary shares of Rupees 10 each.

## **NISHAT MILLS LIMITED**

### **Board of Directors**

Mian Umer Mansha : Director/Chief Executive Officer  
Mian Hassan Mansha : Director/Chairman  
Mr. Khalid Qadeer Qureshi : Director  
Syed Zahid Hussain : Director  
Mr. Saeed Ahmad Alvi : Director  
Ms. Nabiha Shahnawaz Cheema : Director  
Mr. Maqsood Ahmad : Director

Mr. Khalid Mahmood Chohan : Company Secretary

Mr. Badar-ul-Hassan : Chief Financial Officer

Registered Office : 53 – A, Lawrance Road, Lahore

Authorized Share Capital : Rupees 11,000,000,000 divided into 1,100,000,000 ordinary shares of Rupees 10 each.

Issued, Subscribed and Paid up Capital : Rupees 3,515,998,480 divided into 351,599,848 ordinary shares of Rupees 10 each.

## ARTICLE - 2

### 2. DEFINITIONS

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

**"Companies"** mean Nishat Spinning (Private) Limited (NSPL), Nishat Linen (Private) Limited (NLPL) and Nishat Mills Limited (NML) collectively.

**"Court"** means the Lahore High Court, Lahore or any other Court for the time being having jurisdiction under section 284 to 288 of the Companies Ordinance, 1984.

**"Completion Date"** means the date on which this Scheme becomes operative pursuant to the provisions of Article 10 of this Scheme, and is the date on which: the whole of the "NSPL" Undertaking is transferred to and vested in "NLPL" and "NML"; and the sewing unit of "NML" is transferred to and vested in "NLPL" as described in this "Scheme" by virtue of an Order of the Court under section 287(1) of the Companies Ordinance, 1984.

**"Effective Date"** means 31 December 2014.

**"Existing"** means existing, outstanding or in force immediately prior to the Completion Date.

**"Financial Statements"** mean financial statements of "NSPL", "NLPL" and "NML" for the period ended 31 December 2014 for the purpose of determining total assets, liabilities, capitals, reserves, surplus, deficit etc. of all Companies on the Effective Date.

**"NSPL"** means Nishat Spinning (Private) Limited, a wholly owned subsidiary company of Nishat Mills Limited, having its registered office at 53-A, Lawrance Road, Lahore.

**"NLPL"** means Nishat Linen (Private) Limited, a wholly owned subsidiary company of Nishat Mills Limited, having its registered office at 3 Yahya Block, Nishatabad, Faisalabad.

**"NML"** means Nishat Mills Limited, a public limited company having its registered office at 53-A, Lawrance Road, Lahore.

**"Ordinance"** means the Companies Ordinance, 1984, or any statutory modification or re-enactment thereof for the time being in force.

**"Scheme"** means this Scheme of Compromises, Arrangements and Reconstruction in its present form with any modification thereof or addition thereto approved or condition imposed by the Court.

**"Undertaking of NSPL"** means the entire Undertaking of "NSPL" as at the transfer date including all assets, leases, contracts, permissions, rights, titles, privileges, powers, bank accounts, leave and licenses, liabilities and obligations etc. of "NSPL" as more particularly described below:

Without prejudice to the generality of the above, "Undertaking of NSPL" shall include all rights, powers, authorities, privileges, contracts, benefits of Government, consents, sanctions and authorizations,

licenses, liberties and all properties, real, corporeal or incorporeal, in possession or reversion, present or contingent of whatsoever nature and wheresoever situate, including in particular capital work-in-progress, deposits, advances and other receivables, stores, spares and loose tools, stock in trade, prepayments, trade debts, advance income tax, sales tax refundable, cash and bank balances, telephones, emails, faxes, softwares, electricity connection and all other authorities, operation, licenses, rights or interests in or arising out of such property as may belong to or be in the possession or claim of "NSPL" on the transfer date, loans, liabilities, accrued expenses, trade and other payables, accrued mark up, duties and obligations of "NSPL" of whatever kind, including liabilities for payment of compensation in the event of retrenchment of employees, reserves and all books of account and documents relating thereto.

**"Undertaking of NLPL"** means the entire Undertaking of "NLPL" as at the transfer date including all assets, leases, contracts, permissions, rights, titles, privileges, powers, bank accounts, leave and licenses, liabilities and obligations etc. of "NLPL" as more particularly described below:

Without prejudice to the generality of the above, "Undertaking of NLPL" shall include all rights, powers, authorities, privileges, contracts, benefits of Government, consents, sanctions and authorizations, licenses, liberties and all properties, real, corporeal or incorporeal, in possession or reversion, present or contingent of whatsoever nature and wheresoever situate, including in particular property and equipment, loans, deposits, deferred income tax asset, stores, stock in trade, trade debts, advances, prepayments, sales tax refundable, cash and bank balances, telephones, emails, faxes, softwares, electricity connections and all other authorities, operation, licenses, rights or interests in or arising out of such property as may belong to or be in the possession or claim of "NLPL" on the transfer date, loans, liabilities, security deposits, trade and other payables, accrued mark up, duties and obligations of "NLPL" of whatever kind, including liabilities for payment of compensation in the event of retrenchment of employees, reserves and all books of account and documents relating thereto.

**"Undertaking of NML"** means the entire Undertaking of "NML" as at the transfer date including all assets, leases, contracts, permissions, rights, titles, privileges, powers, bank accounts, leave and licenses, liabilities and obligations etc. of "NML" as more particularly described below:

Without prejudice to the generality of the above, "Undertaking of NML" shall include all rights, powers, authorities, privileges, contracts, benefits of Government, consents, sanctions and authorizations, licenses, liberties and all properties, real, corporeal or incorporeal, in possession or reversion, present or contingent of whatsoever nature and wheresoever situate, including in particular property, plant and equipment, capital work in progress, investment properties, long term investments, long term loans, long term deposits, stores, spares and loose tools, stock in trade, trade debts, loans and advances, short term deposits and prepayments, receivables, accrued interest, short term investments, cash and bank balances, telephones, emails, faxes, softwares, electricity connections, sui gas connections and all other authorities, operation, licenses, rights or interests in or arising out of such property as may belong to or be in the possession or claim of "NML" on the transfer date, loans, liabilities, long term financing, deferred income tax liability, accrued expenses, trade and other payables, duties and obligations of "NML" of whatever kind, including liabilities for payment of compensation in the event of retrenchment of employees, reserves and all books of account and documents relating thereto.

**"Sewing Undertaking of NML"** means the assets of Sewing Unit of "NML" comprising of superstructure only without freehold land, plant and machinery, factory equipment, electric installations, vehicles, furniture, fixtures and office equipment, computer equipment, capital work-in-progress, stores, spares and loose tools, stock in trade alongwith electricity connection as more fully explained in the Schedule 2 hereof.

2.2 In this Scheme, unless the context otherwise requires:

- References to persons shall include individuals, bodies corporate (wherever incorporated), unincorporated associations;
- The headings are inserted for ease of reference only and shall not affect the construction or interpretation of this Scheme;
- References to one gender include all genders; and
- Words in the singular shall include the plural and vice versa.

2.3 Any references in the Scheme to "upon the Scheme becoming effective" or "effectiveness of the Scheme" shall mean the Completion Date.

### **ARTICLE – 3**

#### **3. OBJECT OF THIS SCHEME**

The main objects of the Scheme are: to effect merger of "NSPL" and its members with and into "NLPL" and "NML" and their members through the transfer and vesting in "NLPL" and "NML" of "Undertaking of NSPL" and to transfer the "Sewing Undertaking of NML" and vest the same with and into "NLPL" against adjustment of fully paid ordinary shares in "NSPL", in lieu of investment made by "NML" and issue of 367,913 ordinary shares by "NLPL" to "NML" without further act or deed or documents being required to be executed, registered or filed in respect of such transfer, vesting and / or assumption.

### **ARTICLE – 4**

#### **4. THE SCHEME**

##### **Merger of "NSPL" and its members with and into "NLPL" and "NML" and their members**

- 4.1 The "Undertaking of NSPL" as at the Effective Date shall, without any further act, instrument or deed, be and the same shall stand transferred to and be vested or deemed to have been transferred to or vested in "NLPL" and "NML" respectively as more fully explained in Schedule – 1 of the Scheme.
- 4.2 In respect of such of the assets as are movable in nature or are otherwise capable of transfer by manual / physical delivery or by endorsement and delivery, the same shall be so transferred by "NSPL" and shall become the property of "NLPL" as its integral part. The amount lying with the banks to the credit of "NSPL", shall be transferred to "NLPL". Electricity connection in the name of "NSPL" shall stand transferred in the name of "NML". Such delivery and / or transfer shall be made on a date to be agreed upon by the board of directors of Companies.

- 4.3 All the liabilities of "NSPL" as at the Effective Date, shall without any further act, instrument or deed, be and stand transferred and vested in "NLPL", so as to become as and from the Effective Date, the debts, liabilities, duties and obligations of "NLPL" and further that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, duties and obligations have arisen, in order to give effect to the provisions of this clause.
- 4.4 The transfer and vesting of the "Undertaking of NSPL" under clauses 4.1, 4.2 and 4.3 hereof and the continuance of proceedings by "NLPL" under paragraph 4.8 of this Scheme shall not affect any transactions or proceedings already concluded by "NSPL" as the case may be in the ordinary course of business and after the transfer date to the end and intent that "NLPL" accepts on behalf of itself all acts, deeds and things done and executed by "NSPL", as the case may be.

#### CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS

- 4.5 "NLPL" shall undertake, pay, satisfy, discharge, perform and fulfill all debts, liabilities, contracts, engagements and obligations whatsoever of "NSPL" as at the Effective Date, and all contracts, deeds, bonds, agreements, powers of attorney, grants of legal representation and all other instruments of whatever kind subsisting or having effect immediately before the transfer date to which "NSPL" may be a party or which shall be in favour of "NSPL" as they were before the transfer date and may be enforced or acted upon as fully and effectively as if instead of "NSPL", "NLPL" had been a party thereto or as if the same had been issued by or in favour of "NLPL".
- 4.6 All agreements entered into by "NSPL" with their respective bankers, financial institutions, agents, etc. if any, shall continue to be in full force and effect and may be enforced by or against "NLPL".

#### LEGAL PROCEEDINGS

- 4.7 All causes, suits, appeals, petitions/revisions or other judicial, quasi judicial and/or administrative proceedings of whatever nature by or against "NSPL" which shall be pending on the Effective Date in or before any court, tribunal forum or other authority will be continued, prosecuted and enforced in the same manner and to the same extent as they would or might have been continued, prosecuted and enforced by or against "NSPL" as if this Scheme had not been made, by or against "NLPL" the same shall not abate, be discontinued or be in any way prejudiced or affected by the provisions of this Scheme.

#### CONDUCT OF BUSINESS BY "NSPL"

- 4.8 With effect from the Effective Date and upto Completion Date, "NSPL":
- a) shall carry on and be deemed to carry on all its activities and stand possessed of its properties and assets for and on account of and in trust for "NLPL" and all the profits accruing to "NSPL" or losses arising or incurred by it shall, for all purposes, be treated as the profits or losses of "NLPL" as the case may be.
  - b) hereby undertakes to carry on its business until the Completion Date with reasonable diligence, business prudence and shall not except in the ordinary course of business or without the prior written consent of "NLPL", alienate, charge, mortgage, encumber or otherwise deal with or dispose of its respective "Undertaking of NSPL" or any part thereof.

## TRANSFER OF STAFF, WORKMEN AND EMPLOYEES

- 4.9 Every officer, workman or other employee of "NSPL" on the Effective Date shall become an officer, workman or employee, as the case may be, of "NLPL" on the basis that his services have not been interrupted by the vesting of the "Undertaking of NSPL" into "NLPL" under this Scheme and on the same remunerations and other conditions of service, rights and privileges, if any, and other matters as were applicable to him before the transfer date.
- 4.10 All deeds, rules and other instruments relating to the provident fund created or existing for the benefit of the staff, workmen and other employees of the "NSPL", upon being transferred to and vested in "NLPL" shall remain in full force and effect for the benefit of those employees of "NSPL", who have accepted employment with "NLPL" as if originally "NLPL" was party thereto and was mentioned therein instead of "NSPL". "NLPL" may enforce all rights and shall perform all obligations and discharge all liabilities arising thereunder accordingly.

### **Transfer of "Sewing Undertaking of NML" to "NLPL"**

- 4.11 The "Sewing Undertaking of NML" as subsisting immediately preceding the Completion Date shall be separated from "NML" and shall be transferred as running concern to and vested in "NLPL" on the Completion Date.
- 4.12 The value at which the "Sewing Undertaking of NML" will be transferred from "NML" and vested with and into "NLPL" shall be book value as per the reviewed accounts of "NML" as of 31 December 2014. This value has been determined at Rupees 284,946,731.
- 4.13 Any question that may arise as to whether a specified asset or liability pertains or does not pertain to the "Sewing Undertaking of NML" or arises out of the or operations of the vesting orders shall be decided by mutual agreement between the board of directors of "NML" and "NLPL".

### **CONDUCT OF BUSINESS BY "NML"**

- 4.14 The separation of "Sewing Undertaking of NML" and transfer to and vesting in "NLPL" of the "Sewing Undertaking of NML" in accordance with this Scheme shall be treated as having effect from the Effective Date and as from that date and until Completion Date, the business of "Sewing Undertaking of NML" shall be deemed to have been carried on for and on behalf of and on account and for benefits of "NLPL" and all profits and losses accruing or arising to or incurred by "NML" through operation of the "Sewing Undertaking of NML" from the Effective Date shall be treated as the profits or losses, as the case may be of "NLPL".

### **CONTRACTS, DEED, BONDS, AND OTHER INSTRUMENTS**

- 4.15 "NLPL" shall undertake, pay, perform and fulfill all contracts, engagements and obligations whatsoever of "NML" regarding assets of "Sewing Undertaking of NML" being transferred as at the Effective Date, and all contracts, deeds, bonds, agreements, powers of attorney, grants of legal representation and all other instruments of whatever kind, subsisting or having effect immediately before the transfer date to which "NML" may be a party or which shall be in favour of "NML" as they were before the transfer date and may be enforced or acted upon as fully and effectively as if instead of "NML", "NLPL" had been a party thereto.

- 4.16 Agreements entered into by "NML" with their respective bankers, companies, persons, agents, etc, if any, regarding "Sewing Undertaking of NML" being transferred shall continue to be in full force and effect and may be enforced by or against "NLPL".

#### LEGAL PROCEEDINGS

- 4.17 All causes, suits, appeals, petitions/revisions or other judicial, quasi judicial and/or administrative proceedings of whatever nature by or against "Sewing Undertaking of NML" which shall be pending on the Effective Date in or before any court, tribunal forum or other authority will be continued, prosecuted and enforced in the same manner and to the same extent as they would or might have been continued, prosecuted and enforced by or against "NML" regarding "Sewing Undertaking of NML" being transferred as if this Scheme had not been made, by or against "NLPL" the same shall not abate, be discontinued or be in any way prejudiced or affected by the provisions of this Scheme.

#### CONDUCT OF BUSINESS BY "SEWING UNDERTAKING OF NML"

- 4.18 "NML", with effect from the Effective Date and up to Completion Date:
- (a) Shall be deemed to have been carrying on and to be carrying on all business and activities relating to "Sewing Undertaking of NML" and shall hold and stand possessed of and shall be deemed to hold and stand possessed of all the estates, assets, rights, title, interest, authorities, contracts, investments and strategic decisions of "Sewing Undertaking of NML" for and on account of, and in trust for "NLPL";
  - (b) All profits and income accruing or arising from the "Sewing Undertaking of NML" from operation and losses and expenditure arising or incurred (including taxes, if any, accruing or paid in relation to any profits or income) relating to the "Sewing Undertaking of NML" based on the financial statements shall, for all purposes, be treated as and be deemed to be the profits, income, losses or expenditures, as the case may be, of "NLPL"; and
  - (c) Any of the rights, powers, authorities, privileges, attached, related or pertaining to the "Sewing Undertaking of NML" shall be deemed to have been exercised by "NML" for and on behalf of, and in trust for and as an agent of "NLPL". Similarly, any of the obligations, duties and commitments attached, related or pertaining to the "Sewing Undertaking of NML" that have been undertaken or discharged by "NML" shall be deemed to have been undertaken for and on behalf of and as an agent for "NLPL".
- 4.19 With effect from the Effective Date and until the Completion Date, "NML" undertakes that it will preserve and carry on the business of "Sewing Undertaking of NML" with reasonable diligence and business prudence and shall not undertake financial commitments or sell, transfer, alienate, charge, mortgage, or encumber any of the demerged undertakings or any part thereof save and except in each:
- (a) If the same is in its ordinary course of business as carried on by it as on the date of filing this Scheme with the High Court; or
  - (b) If the same is expressly permitted by this Scheme; or
  - (c) If the prior written consent of the board of directors of "NLPL" has been obtained.

4.20 As and from the Effective Date and till the Completion Date:

- (a) All debts and liabilities, raised and used, liabilities and obligations incurred, duties and obligations as on the close of business on 31 December 2014, whether or not provided in the books of "Sewing Undertaking of NML", and all debts and liabilities raised and used, liabilities and obligations incurred, duties and obligations relating thereto which arise or accrue to "NML" regarding "Sewing Undertaking of NML" on or after the Effective Date in accordance with this scheme, shall be deemed to be the debts and liabilities raised and used, liabilities and obligations incurred, duties and obligations of "NLPL" to which that "Sewing Undertaking of NML" is transferred.
- (b) All assets and properties comprised in "Sewing Undertaking of NML" as on the date immediately preceding the Effective Date, whether or not included in the books of "NML", and all assets and properties relating thereto, which are acquired by "NML" in relation to "Sewing Undertaking of NML", on or after the Effective Date, in accordance with this Scheme, shall be deemed to be the assets and properties of "NLPL" to which that "Sewing Undertaking of NML" is transferred.

#### TRANSFER OF STAFF, WORKMEN AND EMPLOYEES

- 4.21 Every officer, workman or other employee of "Sewing Undertaking of NML" who is transferred to "NLPL" on the Effective Date shall become an officer, workman or employee, as the case may be, of "NLPL" on the basis that his services have not been interrupted by transfer of "Sewing Undertaking of NML" into "NLPL" under this Scheme and on the same remunerations and other conditions of service, rights and privileges, if any, and other matters as were applicable to him before the transfer date.
- 4.22 All deeds, rules and other instruments relating to the retirements schemes of the "Sewing Undertaking of NML", shall remain in full force and effect for the benefit of those employees of "Sewing Undertaking of NML", who have accepted employment with "NLPL" as if originally "NLPL" were party thereto.

### ARTICLE – 5

#### **5 BASIS OF AMALGAMATION AND TRANSFER OF "SEWING UNDERTAKING OF NML" FROM "NML" TO "NLPL"**

- 5.1 Upon the Scheme coming into effect and upon merger of "NSPL" with and into "NLPL" and "NML" and upon vesting of the "Sewing Undertaking of NML" with and into "NLPL" in accordance with the Court order, the consideration shall be settled as follows:

As "NSPL" is a wholly owned subsidiary of "NML", the issued, subscribed and paid up share capital appearing in the books of "NSPL" will be set off against the respective investment appearing in the books of "NML". "NLPL" will issue 367,913 ordinary shares of Rupees 10 each to "NML" based on break-up value per ordinary share of "NLPL" of Rupees 692.02 as at 31 December 2014 as per audited financial statements of "NLPL" for the period ended 31 December 2014. The difference arising out of issuance of ordinary shares of "NLPL" to "NML" at break-up value will be treated as revenue reserve in the books of account of "NLPL". Each of the asset and liability of "NSPL" as per the respective audited accounts as on 31 December 2014, will form an asset or a liability of corresponding nature in the books of "NLPL" and "NML"

(Schedule – 1 of the Scheme) except receivables and payables between "NSPL" and "NLPL", which will be deleted. Likewise, the accumulated loss of "NSPL" as on 31 December 2014 shall constitute loss of corresponding nature of "NLPL". As the shares of "NSPL" will be set off against respective investment of "NML", therefore all share certificates issued by "NSPL" shall stand cancelled.

- 5.2 For the purpose of allotment to be calculated as specified above, fractional allotments of above 0.5 shall be rounded up to the nearest one share and below 0.5 shall be ignored.
- 5.3 The allotment of the ordinary shares of "NLPL" in accordance with clause 5.1 hereof shall be made by "NLPL" within 30 days from the notified date.
- 5.4 Upon the allotment of the ordinary shares in "NLPL" in accordance with aforesaid clauses hereof, to the "NML" in the manner aforesaid, the entitlements of the "NML" under this Scheme shall stand fully satisfied.
- 5.5 The ordinary shares of "NLPL" upon issue and allotment pursuant to this Scheme shall rank pari passu with the existing ordinary shares of "NLPL" in all respects and shall be entitled to all dividends declared after the Completion Date.
- 5.6 Authorized share capitals of Rupees 10,000,000 divided into 1,000,000 ordinary shares of Rupees 10 each of "NSPL" as on Effective Date shall be merged with authorized share capital of Rupees 10,000,000 divided into 1,000,000 ordinary shares of Rupees 10 each of "NLPL" which will result in total authorized share capital of Rupees 20,000,000 divided into 2,000,000 ordinary shares of Rupees 10 each of "NLPL" as on Effective Date.
- 5.7 Issued, subscribed and paid up capitals of "NSPL" and "NLPL" were Rupees 10,000 and Rupees 7,000,000 respectively as on 31 December 2014. After cancellation / adjustment of shares of "NSPL" and issue of 367,913 ordinary shares by "NLPL" to "NML", total issued, subscribed and paid up capital of "NLPL" shall be Rupees 10,679,130 divided into 1,067,913 ordinary shares of Rupees 10 each.

## **ARTICLE – 6**

### **6 MODIFICATIONS / AMENDMENTS TO THE SCHEME**

- 6.1 "NSPL", "NLPL" and "NML" by their respective Directors may assent to any modification or amendment to the Scheme or agree to any terms and / or conditions which the Courts and / or any other authorities under law may deem fit to direct to impose or which may otherwise be considered necessary or desirable for settling any question or doubt or difficulty that may arise for implementing and / or carrying out the scheme and do all acts, deed and things as may be necessary, desirable or expedient for putting the scheme into effect.
- 6.2 For the purpose of giving effect to the Scheme or to any modification thereof, the Directors of "NML" are hereby authorized to give such directions and / or to take such steps as may be necessary or desirable including any directions for settling any question or doubt or difficulty whatsoever that may arise.

## **ARTICLE – 7**

### **7 SCHEME CONDITIONAL ON APPROVAL / SANCTIONS**

The scheme is conditional on and subject to:

- Approval of and agreement to the Scheme by the requisite majority of the respective board of directors of "NSPL", "NLPL" and "NML" or as may be directed by the Court;
- Requisite resolution(s) under the applicable provision of the Companies Ordinance, 1984 being passed by the shareholders of "NSPL", "NLPL" and "NML" for any of the matters provided for or relating to the Scheme as may be necessary or desirable; and
- Any other sanctions or approval of the appropriate authorities concerned, as may be necessary and appropriate by the respective board of directors of "NSPL", "NLPL" and "NML", being obtained and granted in respect of and of the matters for which such sanctions or approvals are required.

## **ARTICLE – 8**

### **8 EXPENSES CONNECTED WITH THE SCHEME**

All costs, charges and expenses of "NSPL", "NLPL" and "NML" respectively in relation to or in connection with the Scheme and of carrying out and implementing / completing the terms and provisions of the Scheme shall be borne and paid solely by "NML".

## **ARTICLE – 9**

### **9 EFFECT OF NON-RECEIPT OF APPROVALS / SANCTIONS**

In the event of any of the said sanctions and approvals not being obtained and / or the Scheme not being sanctioned by the Court and / or the Order or Orders not being passed as aforesaid on or before 31 December 2015 or within such further period or periods as may be agreed upon between "NSPL", "NLPL" and "NML" through their respective board of directors, the Scheme shall become null and void and each party shall bear and pay its respective costs, charges and expenses for and / or in connection with the Scheme.

## **ARTICLE – 10**

### **10 COMPLETION DATE OF SCHEME**

The Scheme, although operative from the Effective Date, shall take effect finally upon and from the date on which the last of the aforesaid sanctions or approvals or orders shall have been obtained, and such date shall be the Completion Date for the purpose of the Scheme.

## **ARTICLE – 11**

### **11 APPLICATION TO THE COURT**

"NSPL", "NLPL" and "NML" hereto shall, with all reasonable dispatch, make applications to the Court for sanctioning the Scheme.

**ARTICLE – 12**

**12 DISSOLUTION OF "NSPL"**

Subject to an order being made by Court under Section 287 of the Companies Ordinance 1984, "NSPL", shall, without winding up, stand dissolved from the date of allotment of shares by "NLPL" to "NML".

**Petitioner No. 1**

For Nishat Spinning (Private) Limited

(CHIEF EXECUTIVE OFFICER)

(COMPANY SECRETARY)

**Petitioner No. 2**

For Nishat Linen (Private) Limited

(CHIEF EXECUTIVE OFFICER)

(COMPANY SECRETARY)

**Petitioner No. 3**

For Nishat Mills Limited

(CHIEF EXECUTIVE OFFICER)

(COMPANY SECRETARY)

SCHEDULE - 1

TRANSFER OF "UNDERTAKING OF NSPL" INTO "NML" AND "NLPL" AS AT 31 DECEMBER 2014

	Undertaking of NSPL before transfer to NML and NLPL  Rupees	Undertaking of NSPL transferred to		Remaining Undertaking of NSPL after transfer to NML and NLPL
		NML Rupees	NLPL Rupees	
<b>ASSETS</b>				
<b>NON-CURRENT ASSET</b>				
Capital work-in-progress	9,798,862	9,798,862	-	-
Long term security deposit	10,877,000	10,877,000	-	-
<b>Total non-current assets</b>	<b>20,675,862</b>			
<b>CURRENT ASSETS</b>				
Stores, spare parts and loose tools	4,051,326	-	4,051,326	-
Stock in trade	1,855,425,672	-	1,855,425,672	-
Trade debts	114,616,837	-	114,616,837	-
Advances	18,604,746	9,677,419	8,927,327	-
Short term prepayments	195,915	-	195,915	-
Sales tax refundable	6,833,988	-	6,833,988	-
Cash and bank balances	4,631,406	-	4,631,406	-
<b>Total current assets</b>	<b>2,004,359,890</b>			
<b>TOTAL ASSETS</b>	<b>2,025,035,752</b>			
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Trade and other payables	222,254,925	-	222,254,925	-
Accrued mark-up on short term borrowing	8,795,061	-	8,795,061	-
Short term borrowing	1,791,834,742	-	1,791,834,742	-
Provision for taxation	5,715,005	-	5,715,005	-
<b>TOTAL LIABILITIES</b>	<b>2,028,599,733</b>			
<b>NET ASSETS</b>	<b>(3,563,981)</b>			
<b>REPRESENTED BY:</b>				
<b>Authorised share capital</b>				
1,000,000 ordinary shares of Rupees 10 each	10,000,000	-	10,000,000	-
<b>Issued, subscribed and paid-up share capital</b>				
1,000 ordinary shares of Rupees 10 each fully paid in cash	10,000	10,000	-	-
<b>Accumulated loss</b>	<b>(3,573,981)</b>	-	<b>(3,573,981)</b>	-
<b>Total equity</b>	<b>(3,563,981)</b>			

## SCHEDULE – 2

### SEWING UNDERTAKING

The "Sewing Undertaking" shall comprise of the following and the value at which the "Sewing Undertaking" will be transferred from "NML" and vested with and into "NLPL" has been stated there against:

	<b>Rupees</b>	
Superstructure only without freehold land	60,815,051	Production halls and administrative office buildings
Plant and Machinery	31,697,294	Rolling, embroidery, stitching, over lock, cutting and button lock machines, Chiller, evaporative cooling and ventilation system
Factory Equipment	2,455,433	Vacuum press machine, cutter, steam press, adjustable racks, hand trellis, cleaning machines, meters and drill machines, Weighing scales
Electric Installations	11,297,470	Fans, exhaust fans, cables, UPS, street LED lights, air conditions, electric installation, breakers, stabilizers, motors and welding plants, pipes and fittings
Vehicles	8,898,033	9 cars, 3 motorcycles and bicycle
Furniture, fixtures and office equipment	39,013,756	Furniture, fixtures, Air conditions, UPS, cameras, water cooler, dispenser, emergency lights, sofa, chairs, tables, ovens, DVD players, TV & firefighting equipments and Telephone sets / cables
Computer Equipment	8,055,832	Computers, printers, bar code readers, scanners & laptops
Capital work-in-progress (CWIP) – Superstructure	78,027,919	Linen warehouse and bachelor hostel
Stores, spares and loose tools	24,866,369	
Stock in trade	19,819,574	Fabric and work in process
	<u>284,946,731</u>	