NADEEM TEXTILE MILLS LIMITED
NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an Extraordinary General Meeting (hereinafter the 'EOGM') of the shareholders of Nadeem Textile Mills Limited will be held on January 24, 2022 at 4:00 p.m., at A-801-804, 8th Floor, Lakson Square Building No. 3, Block-A, Sarwar Shaheed Road, Karachi Pakistan; to transact following business:

1. ORDINARY BUSINESS

To approve the minutes of Annual General Meeting held on October 28, 2021.

2. SPECIAL BUSINESS

i) Merger of Nadeem Textile Mills Limited and Nadeem Power Generation (Private) Limited

To consider the merger of Nadeem Power Generation (Private) Limited (NPGPL) along with all its respective assets and liabilities with and into the Nadeem Textile Mills Limited (Nadeem Textile) in exchange for the issuance of ordinary shares of Nadeem Textile to the shareholders of NPGPL, in accordance with the Scheme of Arrangement and dissolution of NPGPL without winding up as approved by the Board of Directors of the Company on December 28, 2021 and to pass the following resolutions with or without amendments as special resolutions.

"**RESOLVED THAT** subject to sanction by the Honourable Sindh High Court, Karachi, the Scheme of Compromises, Arrangements and Reconstruction (the Scheme) for the merger, by way of amalgamation, of Nadeem Power Generation (Private) Limited (NPGPL) with and into Nadeem Textile Mills Limited (Nadeem Textile), along with all ancillary matters thereto, be and is hereby agreed, approved and adopted subject to any modification(s) or conditions as may be required by the Honourable Sindh High Court, Karachi."

"**FURTHER RESOLVED THAT** Mr. Zahid Mazhar, Chief Executive and/or Mr. Abdul Amin, Company Secretary be and is hereby singly authorized to make any amendment, modification, addition or deletion to the Scheme as may be directed by the Securities and Exchange Commission of Pakistan (SECP) and/ or the Court or as may otherwise be considered expedient and such amendment, modification, addition or deletion shall be deemed to be have been approved as part of the special resolution without need of members to pass a fresh Special Resolution."

"**FURTHER RESOLVED THAT** Mr. Zahid Mazhar, Chief Executive and/or Mr. Abdul Amin, Company Secretary be and is hereby singly authorized to do all such acts, deeds, matters and things, as may be deemed necessary, proper or expedient for the purpose of giving effect to the aforementioned Resolutions on behalf of the Company in relation to the foregoing and to further sub-delegate any or all of his powers hereunder."

ii) Increase in Authorized Capital

To consider the increase in authorized capital of the Company and if thought fit to pass the following resolution as special resolution with or without amendments:

"**RESOLVED THAT** the authorized capital of the Company be and is hereby increased from Rs.250.00 million divided into 25.00 million ordinary shares of Rs. 10/- each to Rs.300.00 million divided into 30.00 million ordinary shares of Rs. 10/- each and Clause V of the Memorandum of Association and Article 5 of the Articles of Association be and are hereby substituted as under:

<u>CLAUSE V OF THE MEMORANDUM OF ASSOCIATION</u>

"The Authorized Share Capital of the Company is Rs. 300,000,000/-(Rupees Three hundred million) divided into 30,000,000 Ordinary Shares of Rs.10/- each with powers to increase or reduce the Capital and to consolidate or subdivide the shares and issue shares of higher or lower denominations."

<u>ARTICLE 5 OF THE ARTICLES OF ASSOCIATION</u>

The authorized Share Capital of the Company is Rs.300,000,000 (Rupees three hundred million) divided into 30,000,000 Ordinary shares of Rs.10/- each.

"**FURTHER RESOLVED THAT** Mr. Zahid Mazhar, Chief Executive and/or Mr. Abdul Amin, Company Secretary be and is hereby singly authorized to complete the legal formalities regarding increase in authorized capital of the Company."

3. ANY OTHER BUSINESS:

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

By Order of the Board of Directors
Abdul Amin
Company Secretary

Karachi:
Dated: December 28, 2021

Notes:

1. The Register of Members and Share Transfer Books of the Company will remain closed from January 24, 2022 to January 31, 2022 (both days inclusive). Transfers received in order at the office of Share Register, Hameed Majeed Associates (Private) Limited, 5th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi by the close of business on January 22, 2022 will be considered in time to attend and vote at the meeting.

2. A member entitled to attend, speak and vote at this meeting may appoint any other member as his/her proxy to attend, speak and vote on his/her behalf. Proxies to be in order, must be received at the Company's Registered Office duly stamped and signed not later than 48 hours before the time of the meeting.

3. Any individual Beneficial Owner of CDC, entitled to attend and vote at this meeting, must bring his/her participant ID number and account/ sub account number alongwith Original Computerized National Identity Card (CNIC) or Passport at the time of attending the meeting to prove his/her identity and in case of Proxy, must enclose additionally an attested copy of his/her CNIC or Passport. Representatives of corporate members should bring the usual documents required for such purpose.

4. CDC Account holders will also have to follow the guidelines laid down in Circular No.1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

5. Members are requested to notify their change of address (if any) immediately to Company's Share Registrar Hameed Majeed Associates (Private) Limited.

6. STATEMENT UNDER SECTION 281(1)(a) READ WITH SECTION 134(3) OF THE COMPANIES ACT, 2017

This Statement set out the material facts concerning the special business to be transacted at the EOGM and the terms of the Scheme of Compromises, Arrangements and Reconstruction (the Scheme) and explains its effect including the interest of the Ex-directors/ Chief Executive of the Company (majority shareholders).

I. THE SCHEME

The Board of Directors of Nadeem Textile Mills Limited (Nadeem Textile) has approved the Scheme of Compromises, Arrangements and Reconstruction (the Scheme). The resolution specified in this statement (being integral part of notice of EOGM of the Company) has to be passed by the three fourth majority of the shareholders of the Nadeem Textile Present in the Extraordinary General Meeting (EOGM) of the Nadeem Textile. The Notice of EOGM along with Statement under section 281(1)(a) read with section 134(3) of the Act, is being presented to members of the Company for consideration, adopting and approving the Scheme. The sanctioning of the Scheme and the making of other appropriate orders in connection therewith will be considered by the Honourable Court after members have approved the Scheme.

Nadeem Textile Mills Limited is a public limited company incorporated in Pakistan on July 15, 1984 under the Companies Ordinance, 1984 (repealed) (now The Companies' Act 2017) and listed on Pakistan Stock Exchange Limited having its registered office at A-801-804, 8^{th} Floor, Lakson Square Building No. 3, Block-A, Sarwar Shaheed Road, Karachi, Sindh. Nadeem Textile is engaged in manufacturing and sale of yarn. It has two units located at SITE Kotri and SITE Nooriabad.

Nadeem Power Generation (Private) Limited (NPGPL) is a private limited company incorporated in Pakistan on August 10, 1994 in the name of Shadman Superpower Generation (Private) Limited under the Companies Ordinance, 1984 (repealed) (now The Companies' Act 2017) and subsequently the name was changed to Nadeem Power Generation (Private) Limited on November 01, 1994 having its registered office at 601-603, Commerce Centre, Hasrat Mohani Road, Karachi, Sindh. NPGPL is engaged in power generation and supply to Nadeem Textile. The power generation facility of NPGPL is installed at the premises of Nadeem Textile, Kotri Unit. The total power generation of about three megawatts, generated by NPGPL is consumed by Nadeem Textile.

Subject to the sanction of the Honourable High Court of Sindh at Karachi (the Court), under the Scheme of Arrangement (the "**Scheme of Arrangement**"), Nadeem Power Generation (Private) Limited (NPGPL) shall be merged / amalgamated with and into Nadeem Textile Mills Limited (Nadeem Textile) by transfer to and vesting in Nadeem Textile the whole of the undertaking and business of the NPGPL, together with all the properties, assets, rights, liabilities, quotas and obligations of every kind and description, as subsisting on July 01, 2022 or at such other date as may be sanctioned by the Court.

In consideration for the merger, shares of Nadeem Textile shall be issued to the Shareholders of the NPGPL in the manner contemplated under the Scheme of Arrangement. Furthermore, all existing shares of the NPGPL shall stand cancelled.

II. PROPOSED RESOLUTIONS:

The following resolutions as special resolutions are proposed to be passed by members of the Nadeem Textile with or without modifications, additions, or deletions;

"**RESOLVED THAT** subject to sanction by the Honourable Sindh High Court, Karachi, the Scheme of Compromises, Arrangements and Reconstruction (the Scheme) for the merger, by way of amalgamation, of Nadeem Power Generation (Private) Limited (NPGPL) with and into Nadeem Textile Mills Limited (Nadeem Textile), along with all ancillary matters thereto, be and is hereby agreed, approved and adopted subject to any modification(s) or conditions as may be required by the Honourable Sindh High Court, Karachi."

"**FURTHER RESOLVED THAT** Mr. Zahid Mazhar, Chief Executive and/or Mr. Abdul Amin, Company Secretary be and is hereby singly authorized to make any amendment, modification, addition or deletion to the Scheme as may be directed by the Securities and Exchange Commission of Pakistan (SECP) and/ or the Court or as may otherwise be considered expedient and such amendment, modification, addition or deletion shall be deemed to be have been approved as part of the special resolution without need of members to pass a fresh Special Resolution."

"**FURTHER RESOLVED THAT** Mr. Zahid Mazhar, Chief Executive and/or Mr. Abdul Amin, Company Secretary be and is hereby singly authorized to do all such acts, deeds, matters and things, as may be deemed necessary, proper or expedient for the purpose of giving effect to the aforementioned Resolutions on behalf of the Company in relation to the foregoing and to further sub-delegate any or all of his powers hereunder."

III. FILING OF THE SCHEME:

After approval from shareholders, a copy of the Scheme will be filed with the Registrar, Company Registration Office, Securities and Exchange Commission of Pakistan, Karachi.

IV. PROPOSED TERMS:

The proposed terms of the Scheme drawn up and adopted by the Board of Directors of Nadeem Textile are contained in the Scheme enclosed herewith.

V. EFFECTS OF THE SCHEME:

On sanction of the Scheme by the Court, the NPGPL's entire assets, liabilities and entitlements will stand transferred to the Nadeem Textile and the NPGPL will windup up without winding up.

VI. **REDUCTION OF PAID UP CAPITAL OF NADEEM TEXTILE**

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

VII. **SWAP RATIO**

Pursuant to the Scheme, as consideration for the said transfers, Nadeem Textile shall issue at par and allot to the individual members of NPGPL8.71 fully paid-up ordinary share of the par value of Rupees 10 each in the capital of Nadeem Textile for every one ordinary shares of Rupees 10 each held by them in the capital of NPGPL, as on the day to be fixed by the Board of Directors of Nadeem Textile following the effective date.

VIII. **BENEFITS OF THE MERGER**

The benefits of the merger have been elaborated in detail in the scheme.

7. **STATEMENT PURSUANT TO SECTION 134 (3) OF THE COMPANIES ACT, 2017 AND MATERIAL FACTS TO BE DISCLOSED AS REQUIRED BY CLAUSE A(9) OF SRO 423(I)/2018 DATED APRIL 03, 2018 REGARDING ALTERING AUTHORIZED SHARE CAPITAL RELATING TO THE SPECIAL BUSINESS TO BE TRANSACTED AT THE EXTRAORDINARY GENERAL MEETING IS AS UNDER:**

At present the authorized capital of the Company is only Rs. 250.00 million, which is required to be increased upto minimum of Rs. 300.00 million to cater the future requirement of the Capital. The Board of Directors has recommended increasing the authorized capital upto Rs. 300.00 million divided into 30.00 million ordinary shares of Rs. 10/- each.

S.No	Facts to be disclosed	Facts
i	Reasons for alteration in authorized share capital	To meet the future requirement of paid up capital by issuance of further shares.
ii	Existing authorized share capital	The Existing authorized share capital of the Company is Rs.250,000,000 divided into 25,000,000 Ordinary shares of Rs.10/- each.
iii	Amount with which authorized share capital is proposed to be increased.	The authorized share capital of the Company is being increased by Rs.50,000,000 divided into 5,000,000 Ordinary shares of Rs.10/- each.

Therefore, it is proposed to consider and if thought fit, to pass with or without modification(s) the following resolutions as Special Resolutions:
“**RESOLVED THAT** the authorized capital of the Company be and is hereby increased from Rs.250.00 million divided into 25.00 million ordinary shares of Rs. 10/- each to Rs.300.00 million divided into 30.00 million ordinary shares of Rs. 10/- each and Clause V of the Memorandum of Association and Article 5 of the Articles of Association be and are hereby substituted as under:

<u>CLAUSE V OF THE MEMORANDUM OF ASSOCIATION</u>

“The Authorized Share Capital of the Company is Rs. 300,000,000/-(Rupees Three hundred million) divided into 30,000,000 Ordinary Shares of Rs.10/- each with powers to increase or reduce the Capital and to consolidate or subdivide the shares and issue shares of higher or lower denominations.”

<u>ARTICLE5 OF THE ARTICLES OF ASSOCIATION</u>

The authorized Share Capital of the Company is Rs.300,000,000 (Rupees three hundred million) divided into 30,000,000 Ordinary shares of Rs.10/- each.

“**FURTHER RESOLVED THAT** Mr. Zahid Mazhar, Chief Executive and/or Mr. Abdul Amin, Company Secretary be and is hereby singly authorized to complete the legal formalities regarding increase in authorized capital of the Company.”

8. INTEREST OF DIRECTORS

The directors of the Company have no special interest in the Special Business other than their shares holding in the Company.

NADEEM TEXTILE MILLS LIMITED

FORM OF PROXY

Extraordinary General Meeting

Folio No. ____________________
No. of Shares _________________

I / We
____ of
____
being member(s) of NADEEM TEXTILE MILLS LIMITED,
___________________________________ _______________________________hereby appoint
____ of
____
failing him ____
as my / our proxy to attend, act and vote for me/ us on my/ our behalf at Extraordinary General Meeting of the members of the Company to be held at A-801-804, 8th Floor, Lakson Square Building No. 3, Block-A, Sarwar Shaheed Road, Karachi on January 24, 2022 at 4:00 p.m. and at any adjournment(s) thereof.

Signed this ________ day of ________________, 2022.

Sign by the said Member

Affix
Revenue Stamp

Signed in the presence of;

1. Signature: ______________________________	2. Signature: ______________________________
Name: ______________________________	Name: ______________________________
Address: ______________________________	Address: ______________________________
CNIC/Passport No. ________________________	CNIC/Passport No. ________________________

UNDER SECTIONS 279 TO 282 OF

THE COMPANIES ACT, 2017

SCHEME OF COMPROMISES, ARRANGEMENT AND RECONSTRUCTION

FOR

AMALGAMATION / MERGER

OF

NADEEM POWER GENERATION (PRIVATE) LIMITED

WITH AND INTO

NADEEM TEXTILE MILLS LIMITED

AND

THEIR RESPECTIVE MEMBERS

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

A. PRELIMINARY

1. DEFINITIONS

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

"**Act**" means 'The Companies Act, 2017' and amendments thereof;

"**Assets**" means all assets related to and used for power generation by Nadeem Power Generation (Private) Limited (whether tangible or intangible), properties (whether movable or immovable), rights, titles, privileges, powers, licenses, permissions, claims, and interests, including but not limited to:

i. all rights, title and interest (whether freehold, leasehold, or otherwise) in or to immovable properties, including to buildings, offices and structures;

ii. all plant, machinery, equipment, furniture, fixtures, computer hardware and software, software applications and licenses, motor vehicles, office equipment, appliances, accessories, spare parts and tools;

iii. all data, information, records, instruments, documents of title, market statistics, marketing surveys, and report, marketing research, advertising or other promotional material and information, accounting and financial data, whether physically or digitally stored on or in any medium;

iv. all claims, choses-in-action, receivables, trade debts, credit notes, promissory notes, and other debts or sums due, owing, accrued or payable (whether or not invoiced and whether or not immediately due or payable), advances, deposits, prepayments and all receivables, investments, cash in hand or at bank, bank balances, goodwill, revaluation surplus, share premium account, capital and revenue reserves;

v. all equity, stocks, debentures, bonds, debts (and all dividend, repayment, voting, preferential and other rights associated therewith), rights under futures, options and other derivative contracts, commodities, foreign exchange and negotiable instruments;

vi. all benefits and rights under contract or deed including rights under or relating to contracts or deeds of employment, consultancy, loans, financial facilities, sale or transfer of property, insurance, franchise, distribution, trusts, indemnity, guarantee, warranty, performance, letters of credit, secrecy and non-disclosure, and including any rights and benefits under contracts and agreements already determined in the form of continuing benefits and rights, compensation, damages, rights to adjudication and choses-in-action, and the Contracts;

vii. all rights and benefits under claims, petitions, suits, applications, references, revisions, and appeals filed or pending before any court, authority, tribunal, official, regulatory officer or body;

viii. all intellectual property rights, whether registered or not, including trade mark, copyrights, patents, designs, trade secrets, technical data, processes and know-how, confidential information, results of research and development work, whether physically or digitally stored on or in any medium;

ix. all connections, equipment, installations and facilities pertaining to telecommunications, water, gas, electricity, sewerage or other utilities, and all licenses, permits and grants related thereto;

x. all regulatory and governmental rights, titles, permissions, permits, grants concessions, privileges, sanctions, approvals, licenses, registrations and no-objection certificates;

xi. without prejudice to the generality of the foregoing it shall expressly include the immovable properties listed in Schedule “A”;

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

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

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

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

“**Liabilities**” means all liabilities, duties and obligations of every kind, actual or contingent, whether arising from or payable under any contract, agreement, deed, bond, statute or law, and all liens, charges (floating and fixed), pledges, hypothecations, assignments, securities, mortgages (legal and equitable),

	interests and claims of whatever nature, and it includes, without limitation, the Securities;
"NPGPL"	means Nadeem Power Generation (Private) Limited, a private limited company incorporated in Pakistan on August 10, 1994 in the name of Shadman Superpower Generation (Private) Limited under the Companies Ordinance, 1984 (repealed) (now The Companies' Act 2017) and subsequently the name was changed to Nadeem Power Generation (Private) Limited on November 01, 1994 having its registered office at 601-603, Commerce Centre, Hasrat Mohani Road, Karachi, Sindh.
"**Security**" or "**Securities**"	means interest, right or title in and to any and all mortgage, or charges (whether legal or equitable), debentures, bills of exchange, promissory note, guarantee, lien, pledge (whether actual or constructive), hypothecation, assignment by way of security, right of set-off, undertaking or other means of securing payment or discharge of any liabilities and obligations;
"**Tax**"	means all present and future taxes, duties and levies of any kind, including income tax, sales tax, stamp duties, Octroi, customs or excise duty, registration charges, levies, deductions, imposts, and any other charges and withholdings whatsoever, together with any interest, mark-up or penalties payable in connection with any failure to pay or delay in paying any of the above; and
"Nadeem Textile" and NTML	means Nadeem Textile Mills Limited, a public limited company incorporated in Pakistan on July 15, 1984 under the Companies Ordinance, 1984 (repealed) (now The Companies' Act 2017) and listed on Pakistan Stock Exchange Limited having its registered office at A-801-804, 8th Floor, Lakson Square Building No. 3, Block-A, Sarwar Shaheed Road, Karachi, Sindh.
"**Scheme**"	means this Scheme of Arrangement in its present form with any modification thereof or addition thereto sanctioned by the Court;

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

2. CAPITAL AND BUSINESS

Nadeem Textile Mills Limited

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

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

Nadeem Power Generation (Private) Limited

Nadeem Power Generation (Private) Limited is a private limited company incorporated in Pakistan on August 10, 1994 originally in the name of Shadman Superpower Generation (Private) Limited under the Companies Ordinance, 1984 (repealed) (now The Companies' Act 2017) and subsequently the said name was changed to Nadeem Power Generation (Private) Limited on November 01, 1994 having its registered office at 601-603, Commerce Centre, Hasrat Mohani Road, Karachi, Sindh. The authorised capital of Nadeem Power Generation (Private) Limited is Rs. 30,000,000/- divided into 3,000,000 ordinary shares of Rs. 10/- each out of which 373,250 shares are issued as fully paid up;

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

3. BOARD OF DIRECTORS

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

Nadeem Textile:

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

NPGPL:

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

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

B. THE SCHEME

4. OBJECT OF THE SCHEME

4.1. The principal object of this scheme is to give effect to the amalgamation of NPGPL with and into Nadeem Textile Mills Limited and consequential transfer of the entire undertaking of NPGPL and all its Assets and Liabilities to Nadeem Textile, in exchange for the issuance of ordinary shares of Nadeem Textile to the shareholders of NPGPL, in accordance with Article 10 hereunder, resulting in the dissolution without winding up of NPGPL.

4.2. It is hereby clarified that although all of the above steps will take place on the same date, the same shall be deemed to be effective as of the Effective Date.

5. TRANSFER OF ASSETS & LIABILITIES

5.1. From the Effective Date all the Assets of NPGPL shall be transferred to and be vested in (or be deemed to be transferred to and vested in, as the case may be) Nadeem Textile.

5.2. On the Effective Date, without any further act or deed, all Liabilities of NPGPL and all Liabilities in relation to its respective Assets shall be transferred to and deemed to have been created by Nadeem Textile as of that day.

5.3. The Undertaking of NPGPL as at the effective date shall, without any further act, instrument or deed, be and the same shall stand transferred to and be vested or deemed to have been transferred to or vested in Nadeem Textile as from the commencement of business on 01 July 2022.

5.4. All transfer / vesting shall be subject to the existing charges/mortgages/hypothecation, if any. There are, however, no charges/mortgages/hypothecation registered on the assets of NPGPL.

5.5. Such of the assets of NPGPL which are moveable in nature or are capable of transfer by manual / physical delivery or by endorsement and delivery, the same upon sanction of scheme by the Court shall stand transferred and shall become property of the Nadeem Textile as its integral part. All the bodies, department and concerned institutions / companies wherever required shall record the transfer the assets without any further act or deed by the Nadeem Textile.

5.6. All the immovable assets and properties and other rights, connections etc., of NPGPL shall stand transferred in the name of Nadeem Textile on the effective date and all the bodies, institutions, companies and concerned Government departments and functionaries shall record the effect the transfer of assets, rights, privileges and status in the name of Nadeem Textile without any act or deed and without payment of any amount whatsoever.

5.7. All the liabilities of NPGPL as at the effective date shall, without any further act, deed or instrument be and shall be transferred and vested in Nadeem Textile so as to become as and from the effective date the debts, liabilities and obligations of Nadeem Textile.

5.8. Without prejudice to the generality of the above, the transfer to and vesting in Nadeem Textile the business and undertaking of NPGPL in accordance with this Scheme shall include the followings:

i) All the liabilities and obligations of NPGPL, howsoever arising, and after the amalgamation is accomplished, Nadeem Textile will discharge all such outstanding liabilities and obligations in due course as if they were originally the liabilities and obligations of Nadeem Textile instead of NPGPL.

ii) All the assets of NPGPL under this Scheme shall be transferred to Nadeem Textile. This shall include properties of all kinds, moveable or immovable, tangible or intangible, leasehold property, actionable claims, stocks, receivables and book debts, advances, deposits, prepayments, investments, cash and bank balances. However, the transfer and vesting of assets shall be subject to any specific mortgages or charges created over these assets before the merger in favour of the creditors. There are, however, no charges /mortgages/hypothecation registered on the assets of NPGPL.

iii) All the legal proceedings instituted, causes, suits, appeals, petitions. Are there any case in litigation revisions or other judicial, quasi-judicial and/or administrative proceedings of whatever nature by or against NPGPL which will be pending on the effective date in or before any Court, Tribunal, Forum, Commission or any other Authority will be continued, prosecuted and enforced by or against Nadeem Textile as if this Scheme had not been made, and the same shall not abate, be discontinued or be in any way prejudiced or affected by the provisions of this Scheme. Thereafter, upon completion date, such legal proceedings shall stand transferred to Nadeem Textile.

iv) All the banking, whether current, deposit, investment of all natures, saving or others and other accounts maintained in the name of NPGPL will stand transferred to Nadeem Textile;

v) All the utility licenses, connections, meters, and other facilities for electricity, gas, water, telecommunications and others allowed, licensed or provided by any Government agency (including HESCO, SITE, Kotri, and Sui Southern Gas Company Limited) or other agency to the NPGPL with the respective benefits (including the deposits and prepayments, Government approvals, (if any) shall stand transferred without any additional charges to the Nadeem Textile. The security deposits and any other cost paid by NPGPL against any of these and other existing facilities shall remain unchanged and the change of name shall be made by the above entities/ institutions without any additional fee, charges or costs whatsoever and without any delay.

vi) All the registrations, rights, powers, licenses, permits, sanctions, permissions, privileges of the NPGPL shall be transferred in terms of the scheme to Nadeem Textile:

vii) All the titles of land and other immovable property registered in the name of the NPGPL shall be transferred in terms of the scheme to the name of Nadeem Textile;

viii) All the rights in respect of trade mark, patents, copy rights and other rights and obligations in respect thereof of NPGPL shall be transferred in terms of the scheme to Nadeem Textile;

ix) All the contracts, agreements and other instruments executed by the NPGPL and subsisted in favor of the NPGPL and its right and obligations there under shall stand transferred to Nadeem Textile;

x) All the employees holding employment contracts and obligations there under of the NPGPL shall stand transferred to the Nadeem Textile;

xi) All the obligations including payment of any taxes, duties and rights in respect of any entitlements, refunds, tax losses (revenue, capital, depreciation or otherwise) tax credits from any assessment, deemed assessment, appeal, rectification or modification of assessment under the law in respect of NPGPL shall be taken over, transferred and vested in Nadeem Textile and be payable by it.

6. BENEFITS OF MERGER/AMALGAMATION

6.1 Rationalize Business

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

6.2 Reduction in cost of Doing Business

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

6.3 Better Management

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

6.4 Regulatory Requirements

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

6.5 Single Board and Rationalization of Secretarial Cost

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

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

c. Only one share registrar, one register of shareholders and one set of books and records will be required to be maintained.

d. Only one external auditors will be required to perform the statutory function.

6.6 Common Department

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

6.7 Broader Capital Base

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

6.8 Better Financial Management

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

6.9 Income Tax Implication

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

7. CONDUCT OF BUSINESS BY NPGPL TILL COMPLETION DATE:

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

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

8. CONSIDERATION

8.1 Upon the Scheme being effective in terms of its sanction by the Court, as consideration for the transfer to and vesting in Nadeem Textile of the undertaking and business of NPGPL, Nadeem Textile shall subject to the terms of this Scheme and without any further application, deed or instrument, issue at par and allot 3,251,008 ordinary shares of Rs.10/- each as fully paid up shares to the registered members of NPGPL on the basis of swap ratio of 8.71share of Nadeem Textile for every one share of NPGPL. The new shares will be issued to those registered members of NPGPL whose names will appear on the register of members on the date to be fixed by the Board of Directors of Nadeem Textile for the purpose.

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

The swap ratio has been calculated on the basis of book values of shares of both companies, NPGPL and Nadeem Textile, in view of common shareholding.

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

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

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

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

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

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

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

9. MERGER OF AUTHORIZED CAPITAL OF NPGPL AND NADEEM TEXTILE

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

10. REDUCTION OF PAID UP CAPITAL OF NADEEM TEXTILE

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

11. DISCHARGE OF LIABILITIES AND OBLIGATIONS

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

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

12. SUBSTITUTION OF NAME

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

13. EMPLOYEES

13.1. All employees of NPGPL shall as and from the Effective Date, become the employees of Nadeem Textile on the same terms and conditions on which they were employed immediately prior to the Effective Date.

13.2. The terms and conditions of service applicable to the aforesaid employees shall not in any way be less favourable to them than those applicable to them immediately prior to the transfer. The services of the aforesaid employees prior to the Effective Date shall be taken into account for the purposes of all benefits to which such employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits.

14. LEGAL PROCEEDINGS

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

15. LICENSES, PERMITS, AND APPROVALS

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

16. TAXES

16.1. With effect from the Effective Date, all Liabilities in relation to Tax with regards to NPGPL and its respective Assets shall become the Liabilities and assets of Nadeem Textile and NPGPL shall cease to have any Tax liabilities from such date.

16.2. With effect from the Effective Date, all rights of NPGPL to refunds, credits, advance payments or any other benefits shall stand transferred to Nadeem Textile. Where any such Tax refund or benefit is due to NPGPL after the Effective Date, the same shall become due to Nadeem Textile.

17. DISSOLUTION OF NPGPL

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

C. PRAYERS

1. "An order under section 279(2) of the Companies Act, 2017, sanctioning the Scheme, so as to make the Scheme binding on the Petitioners and their respective members and creditors as well as all other persons;"

2. "An order under section 282(3)(a) of the Companies Act, 2017 transferring to and vesting in the Nadeem Textile, the whole undertaking of the NPGPL along with all its respective properties, assets, rights, liabilities, encumbrances and obligations of every description as more particularly described in the Scheme as of the Effective Date"

3. "An order under section 282(3)(b) of the Companies Act, 2017 directing Nadeem Textile to allot 3,251,008 shares of par value of Rs. 10/- each for every 1 share held by the shareholders of NPGPL in terms of Article 8 of the Scheme"

4. "An order under section 282(3)(c) of the Companies Act, 2017 directing that any and all legal proceedings pending by or against the NPGPL shall, as of the Effective Date, continue by or against the Nadeem Textile"

5. "An order under section 282(3)(d) of the Companies Act, 2017, directing that immediately after the transfer of the NPGPL assets to the Nadeem Textile and the amalgamation of the NPGPL with and into the Nadeem Textile, the NPGPL shall without any further act or deed be dissolved without winding up and its name shall be struck off the register of companies at the Securities & Exchange Commission of Pakistan"

6. "An order to reduce the paid up capital of Nadeem Textile by Rs.36,045,000/- divided into 3,604,500 ordinary shares of Rs.10/- each."

D. MISCELLANEOUS

1. This Scheme is subject to the sanction of the Court and may be sanctioned in its present form or with any modification thereof or addition thereto as the Court may approve and this Scheme with such modification or addition, if any, is also subject to any conditions which the Court may impose.

2. If the Court requires NPGPL and Nadeem Textile to consent to any modification to this Scheme, such consent may be given on their behalf by their respective Chief Executive Officers or their legal counsel.

Place: Karachi

Date: December 28, 2021

For NADEEM TEXTILE MILLS LTD

Company Secretary.

ANNEXURES

Annexure-A

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

Annexure-B

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

Annexure-C

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

Russell Bedford
taking you further

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

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December 27, 2021

The Board of Directors
Nadeem Textile Mills Limited
A-801-804, 8th Floor,
Lakson Square Building No. 3,
Block-A, Sarwar Shaheed Road,
Karachi

Dear Sirs,

Sub: SWAP RATIO REPORT FOR MERGER OF NADEEM POWER GENERATION (PRIVATE) LIMITED WITH AND INTO NADEEM TEXTILE MILLS LIMITED

OBJECTIVE:

This report is designed to recommend the basis for determination of swap ratio of Nadeem Power Generation (Private) Limited (NPGPL) and Nadeem Textile Mills Limited (Nadeem Textile) for the purposes of merger of NPGPL with and into Nadeem Textile.

METHODOLOGY:

The swap ratio has been calculated on the basis of book value of shares of the companies, NPGPL and Nadeem Textile, in view of their common shareholding.

Usage of any other method:

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

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

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

Accordingly, breakup value method of valuation of shares is, therefore, considered to be the most appropriate basis for merger of Nadeem Textile and NPGPL.

BREAKUP VALUE OF NADEEM TEXTILE:

The book value of Nadeem Textile has been determined on the basis of audited annual financial statements as of June 30, 2021.

Issued, subscribed and paid up capital	Rupees	215,119,850
Share premium	Rupees	274,197,289
Un-appropriated profit	Rupees	1,184,734,861
Revaluation Surplus	Rupees	1,305,611,412
Total worth	Rupees	2,979,663,412
Less: Contingencies	Rupees	234,000,000
Net worth	Rupees	2,745,663,412
Number of shares issued	Number	21,511,985
Breakup value per share	Rupees	127.63

Cont'd ... P/2

Russell Bedford
taking you further

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

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Lahore - Rawalpindi / Islamabad

BREAKUP VALUE OF NPGPL:

Breakup value of NPGPL has been ascertained on the basis of its audited annual financial statements as of June 30, 2021.

Issued, subscribed and paid up capital	Rupees	3,732,500
Un-appropriated Profit	Rupees	221,637,437
Revaluation Surplus	Rupees	7,762,376
Re-measurement of the value of Shares of Nadeem Textile held by NPGPL	Rupees	315,862,335
Total worth	Rupees	548,994,648
Contingencies		134,000,000
Net worth		414,994,648
Number of shares issued	Number	373,250
Breakup value per share	Rupees	1,111.84

SWAP RATIO:

Above calculations reveal a swap ratio of 1 : 8.71 based on their respective break-up value per share. The swap arrangement of NPGPL with and into Nadeem Textile is recommended as "In respect of every 1 ordinary share of Rupees 10 each in Nadeem Power Generation (Private) Limited, is recommended to be allotted on the basis of 8.71 ordinary shares of Rupees 10 each of Nadeem Textile Mills Limited" i.e. 3,251,008 shares of Rs. 10/- each of Nadeem Textile to be issued to the respective shareholders of NPGPL in accordance with their respective shareholding.

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 Nadeem Power Generation (Private) Limited with and into Nadeem Textile Mills Limited and its consequent submission to SECP, shareholders, Honourable High Court of Sindh, Karachi and other parties related to the aforesaid reconstruction process.

Yours truly,

Rahman

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants