

MTM/SEC/2025/

Date: 03-12-2025.

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

SUBJECT: MATERIAL INFORMATION- PETITION CIVIL ORIGINAL NO. 06/2025  
DE-MERGER OF MAHMOOD TEXTILE MILLS LIMITED.

Dear Sir,

The Honorable Lahore High Court, Multan Bench, vide order dated 25.11.2025, in Petition C.O. No. 06/2025, titled '*Mahmood Textile Mills Ltd. & another Vs. Joint Registrar of Companies*', has sanctioned the Scheme of Arrangement of reconstruction and de-merger of Mahmood Textile Mills Limited by separating, *inter alia*, its apparel unit from the Company for transfer to and vesting into MG Apparel Limited.

Certified Copy of the Court order along with the Scheme of Arrangement are attached.

You may inform the TRE Certificate Holders of the Exchange accordingly.

Thanking you,

Yours truly,

For Mahmood Textile Mills Limited



Liaqat Ali Dolla  
Company Secretary



CC:

The Director Enforcement,  
Securities & Exchange Commission of Pakistan  
7<sup>th</sup> Floor, NIC Building, 63- Jinnah Avenue  
Islamabad.



+92-61-111-181-181  
Fax +92-61-4511262



Mehr Manzil, Outside Lohari Gate, Multan



[www.mahmoodgroup.com](http://www.mahmoodgroup.com)



[yarn@mahmoodgroup.com](mailto:yarn@mahmoodgroup.com)

**JUDGMENT SHEET**  
**LAHORE HIGH COURT,**  
**MULTAN BENCH, MULTAN**

JUDICIAL DEPARTMENT

**Civil Original No. 06 / 2025**

In the matter of;

1. Mahmood Textile Mills Limited, Multan
2. MG Apparel Limited, Multan

**Versus**

Joint Registrar of Companies, Company Registration Office,  
Security & Exchange Commission of Pakistan, Multan

**JUDGMENT**

Date of Hearing:	25.11.2025
Petitioner(s) By:	Mr. Mussadiq Islam, Advocate
SECP By:	Nemo.

**ABID HUSSAIN CHATTHA, J:** This is a Petition within the contemplation of provisions of law embodied in Sections 279 to 283 & 285 of the Companies Act, 2017 (the "Act") seeking sanction of the Scheme of Arrangement for reconstruction and bifurcation of complete business and undertakings of Mahmood Textile Mills Limited / Petitioner No. 1 with and into MG Apparel Limited, Multan / Petitioner No. 2 excluding the Retained Assets and Undertakings which shall remain with Petitioner No. 1. Both the Petitioners, hereinafter, collectively shall be referred to as the "Petitioner Companies" while the Scheme of Arrangement as the "Scheme".

2. This Court on 23.05.2025, after preliminary consideration, gave directions for holding of Extra Ordinary General Meetings (the "EOGMs") of shareholders of the Petitioner Companies to ascertain the wishes of the shareholders thereof to the Scheme and for this purpose,

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appointed M/s Syed Muhammad Kaswar Gardezi and Zafar Abbas Khan, Advocates as Chairpersons to hold and preside over the EOGMs and submit their report in accordance with law. It was also ordered that once the Chairpersons submit their report, notices be issued through proclamation in the Dailies "Dawn", "Jang" and "Business Recorder" under Rule 61 of the Companies (Court) Rules, 1997 (the "Rules") which proclamations have since been published. The Court also ordered for notices to be issued to the Security and Exchange Commission of Pakistan (the "SECP"), Competition Commission of Pakistan, Islamabad (the "CCP") and the creditors of the Petitioner Companies, if any.

3. Pursuant to Rule 57 of the Rules, the Chairpersons submitted their report, duly supported by the relevant record showing that the EOGMs of the Petitioner Companies were scheduled and notified for 30.06.2025.

4. As per the report, the EOGMs were convened and held as per the schedule under the supervision of the Chairpersons. The attendance sheets have also been placed on record which reflect participation of the shareholders of the Petitioner Companies in the respective EOGMs personally or through proxy / representation. The Scheme was almost unanimously approved by the shareholders of the Petitioner-Companies present personally or through proxy / representatives, in their respective EOGMs. The Scheme as approved has already been annexed at Pages-13 to 50 of the Petition.

The current authorized share capital of Petitioner No. 1 is Rs.

500,000,000/- divided into 50,000,000 ordinary shares of Rs. 10/- each.

The issued, subscribed and paid-up capital of Petitioner No. 1 is Rs.

300,000,000/- divided into 30,000,000 ordinary shares of Rs. 10/- each.

6. The authorized share capital of Petitioner No. 2 is Rs. 10,000,000/- divided into 1,000,000 ordinary shares of Rs. 10/- each. The issued, subscribed and paid-up capital of Petitioner No. 2 is Rs. 10,000/- divided into 1,000 ordinary shares of Rs. 10/- each. Petitioner No. 2 is a wholly owned subsidiary of Petitioner No. 1. *A*

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7. All formalities with respect to holding of EOGMs were duly complied with. Despite notice no comments from CCP have been received. Learned counsel for the Petitioner Companies submits that the Petitioner Companies are exempt from requirement of pre-merger clearance from CCP in terms of Regulation 5(1)(i) and (ii) of the Competition (Merger Control) Regulations, 2016 since Petitioner No. 2 is a wholly owned subsidiary of Petitioner No. 1. NOCs regarding sanction of the Scheme by the secured creditors of the Petitioner Companies are also on record.

8. In response to the notices issued under Section 282 read with Section 283 of the Act, the Registrar, SECP has also filed parawise comments, whereby, it is contended that the Petitioner Companies were asked to justify the consideration being fixed at 30 million shares with a premium of Rs. 77.985 per share but the response thereto submitted by the Petitioner Companies fails to address the concerns of the SECP. Confronted with the above observation, learned counsel for the Petitioner Companies submitted that the Net Assets Value (the "NAV") of the Transferred Assets and Undertakings amounts to Rs. 3,587,062,617/-. In terms of Article 4 of the Scheme and as consideration for the transfer of Transferred Assets and Undertakings to Petitioner No. 2, Petitioner No. 2 shall issue and allot its 30,000,000 fully paid-up shares of Rs. 10/- each to Petitioner No. 1, against a consideration value of Rs. 87.985/- per share, inclusive of Rs. 77.985/- share premium, which will result in an increase in the share capital of Petitioner No. 2 by Rs. 300,000,000/- and the share premium of Rs. 2,339,559,771/- will be recorded in its books. Furthermore, the balance of the NAV, representing revaluation surplus of Rs. 94,502,846/- pertaining to property, plant and equipment being transferred to Petitioner No. 2, will be incorporated in its financial statements as a separate line item of equity subsequent to the transfer. Learned counsel further submitted that no violation of law has been pointed out by the SECP and that the regulator's role in such matters is supervisory in nature, limited to ensuring that all requisite formalities have been duly complied with. Learned counsel also referred to the valuation certificate of M/s. Shinewing Hameed Chaudhri & Co. (attached as Schedule VI to the Scheme), based on which the commercial decision for the above said

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consideration to be provided in lieu of transfer of Transferred Undertakings and Assets of Petitioner No. 1 to Petitioner No. 2, was mutually reached by the Board of Directors of both the Petitioner Companies and approved by their respective shareholders. The rationale for not executing the shareholder-level transition within the Scheme is based on the need to first establish Petitioner No. 2 as a fully functional and autonomous entity, with its own governance, financial systems, and operational footprint. Issuing shares to Petitioner No. 2 allows for a clean and efficient transfer of the apparel undertaking while maintaining continuity and control during the initial phase of restructuring. The mirror shareholding structure of 30 million shares to be issued to Petitioner No. 2, matching its own share capital has been deliberately adopted to facilitate a seamless transition to the shareholders of Petitioner No. 2 in a subsequent phase. This phased approach allows to manage timing, legal formalities, and market conditions

Application No. more effectively, especially, in view of any future IPO and growth plans  
 Date of presentation and strategic investor engagement. Hence, no prejudice is caused since  
 of Application

Date of Receipt of fee..... Petitioner No. 2 is and will remain a wholly owned subsidiary of Petitioner

No. of Words/Pages..... No. 1 irrespective of number of shares issued and break-up value of the

Copying fee..... shares issued will be equivalent to NAV by virtue of the reserves etc. to be

Urgent fee..... recorded in the books of Petitioner No. 2.

Registration & Postage fee.....

Agency fee..... None of the stakeholders including the creditors, shareholders

Court of and applying regulator of the Petitioner Companies or any other interested party has

Total..... come forward to raise any substantive objection to the Scheme. The Scheme

Name of Coiest..... is not prejudicial to the interest of shareholders / members and creditors of the

Date of Receipt of File..... Petitioner Companies. This Court is, therefore, satisfied with the merits of

Date of preparation..... the Scheme. Accordingly, this Petition is allowed and the Scheme which is

placed on the record at Page Nos. 13 to 50 of the Petition is sanctioned

which shall form part of this Judgment as Annex 'A' subject to all post-

approvals as ordained by law. The Scheme will take effect in

terms of its relevant clause(s). The Petitioner Companies are directed to

submit a certified copy of this Judgment with the SECP within stipulated

time as required under the Act.

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LAHORE HIGH COURT

MULTAN BENCH MULTAN

(Abid Hussain Chattha)  
 Judge

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BEFORE THE HONOURABLE LAHORE HIGH COURT, MULTAN BENCH, MULTAN

C. O. No. \_\_\_\_\_ of 2025

In the matter of:

**MAHMOOD TEXTILE MILLS LIMITED**  
Mehr Manzil, Lohari Gate.  
Multan

**FOR PRIVATE USE**  
*[Signature]*  
Examiner of Supply Section  
Authorised under Article 87  
of Qanun-i-Shahadat Order 1987  
Lahore High Court  
Multan Bench, Multan

... Petitioner No. 1

**MG APPAREL LIMITED**  
Mehr Manzil, Lohari Gate  
Multan

... Petitioner No. 2

(Petitioners)

Versus

**JOINT REGISTRAR OF COMPANIES**  
Company Registration Office  
Securities and Exchange Commission of Pakistan  
63-A, 2<sup>nd</sup> Floor, Nawa-i-Waqt Building,  
Abdali Road, Multan

...Pro forma Respondent

PETITION TO SANCTION ARRANGEMENT UNDER SECTIONS 279,  
280, 281, 282, 283, 285 AND OTHER ENABLING PROVISIONS OF THE  
COMPANIES ACT, 2017

Respectfully Sheweth:

1. That this Petition seeks the sanction of this Honourable Court, pursuant to Section 279 of the Companies Act, 2017 (the "Act"), read with all other enabling provisions of the Act, for scheme of arrangement (the "Scheme") for reconstruction between Petitioner No. 1 and its members and Petitioner No. 2 and its members, as approved by the Board of Directors of

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each of Petitioner No. 1 and Petitioner No. 2. Further the Petition seeks to obtain certain facilitating orders of this Honourable Court under Section 282 of the Act in connection with the said Scheme. Defined terms used in this Petition that have not been defined herein shall have the same meaning as ascribed to them in the Scheme.

*[Copy of the Scheme certified by each Petitioner is attached herewith as Annexure A]*

2. The Scheme envisages the reconstruction and bifurcation of Petitioner No. 1 by separation of the Transferred Assets and Undertakings together with all rights, liabilities and obligations of Petitioner No. 1 pertaining thereto and transfer and vesting of the same into Petitioner No. 2 but excluding the Retained Assets and Undertakings.
3. That the respective Board of Directors of each of the Petitioners in their respective Board Meetings have considered ways and means of improving the business of the Petitioners and proposed to be carried on by them in the future and have come to the conclusion that it would be advantageous to the Petitioners if the Transferred Assets and Undertakings is bifurcated from Petitioner No. 1 and transferred into Petitioner No. 2 by way of reconstruction or re-organization. The Scheme has been duly approved / adopted by the respective Boards of Directors of each of the Petitioners for seeking sanction of this Honourable Court.

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- [Certified copies of the resolutions of Board of Directors of each of the Petitioners are attached herewith as Annexures – B/1 and B/2, respectively]*
4. That by way of background it is submitted that the Petitioner No. 1 is a public listed company incorporated on February 25, 1970, under the laws of Pakistan. Petitioner No. 2 was incorporated as a single member company on November 16, 2022, and was converted into a public company with effect from April 24, 2024, under the laws of Pakistan. The registered office address of both Petitioners is at Mehr Manzil, Lonari Gate, Multan.
  5. That as of filing of this Petition, the Petitioner No. 1 had an authorized share capital of Rs. 500,000,000/- (PKR Five Hundred Million Only) divided into 50,000,000 ordinary shares of

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Rs. 10/- (PKR Ten Only) each. As of filing of this Petition, the Petitioner No. 1 had an issued, subscribed and paid-up capital of Rs. 300,000,000/- (PKR Three Hundred Million Only) divided into 30,000,000 ordinary shares of Rs. 10/- (PKR Ten Only) each. The objects of the Petitioner No. 1 are set out in its Memorandum of Association. The present petition is being filed by Petitioner No. 1 through its Chief Financial Officer Mr. Yasir Ghaffar who has been duly authorized to file the instant petition and is well conversant with the facts and is able to depose to the same.

*[Copies of Certificate of Incorporation, Memorandum of Association and Articles of Association of Petitioner No. 1 are attached herewith as Annexures – C]*

6. That the assets and liabilities of Petitioner No. 1 as on December 31, 2024, are detailed in the balance sheet as of December 31, 2024, reflecting the latest financial position of Petitioner No. 1.

*[Copies of Petitioner No. 1's annual audited accounts for year ended June 30, 2024, and unaudited financial statement for period ending December 31, 2024, are attached herewith as Annexure – D/1 & D/2]*

7. That as of filing of this Petition, Petitioner No. 2 had an authorized share capital of Rs. 10,000,000/- (PKR Ten Million Only) divided into 1,000,000 ordinary shares of Rs. 10/- (PKR Ten Only) each. The issued, subscribed and paid-up capital of Petitioner No. 2 is Rs. 10,000,000/- (PKR Ten Thousand Only) divided into 1,000 ordinary shares of Rs. 10/- (PKR Ten Only) each. The objects of Petitioner No. 2 are set out in its Memorandum of Association.

The Petitioner No. 2 is a wholly owned subsidiary of Petitioner No. 1. The present petition is being filed by Petitioner No. 2 through its Company Secretary, Liaqat Ali Dola, who has been duly authorized to file the instant petition and is well conversant with the facts and is able to depose to the same.

*[Copies of Certificate of Incorporation, Memorandum of Association and Articles of Association of Petitioner No. 2 are attached herewith as Annexures – E]*

8. That the assets and liabilities of Petitioner No. 2 as on December 31, 2024, are detailed in the balance sheet as of December 31, 2024, reflecting the latest financial position of Petitioner No. 2.

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LAHORE HIGH COURT  
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[A copy of Petitioner No. 2's annual audited accounts for year ended June 30, 2024, and audited accounts for period ending December 31, 2024, are attached herewith as Annexure – F/1&F/2]

5. That to the best of the Petitioners' knowledge, there are no investigation proceedings pending in relation to any of the Petitioners under Sections 256 to 257 and 259 to 275 of the Act or any other provision of the Act or under any previous Companies Ordinance/Act.
6. That the Scheme envisages the reconstruction of Petitioner No. 1 by way of transfer and vesting of the Transferred Assets and Undertakings with and into the Petitioner No. 2 together with all the rights, liabilities and obligations of the Petitioner No. 1 pertaining to the Transferred Assets and Undertakings, the Net Assets Value ("NAV") of which amount to Rs. 3,587,062,617/- (PKR Three Billion Five Hundred Eighty-Seven Million Sixty-Two Thousand Six Hundred Seventeen Only), as specified in the Scheme. That as consideration of the above-said transfer by Petitioner No. 1, the Petitioner No. 2 shall issue and allot 30,000,000 (Thirty Million) fully paid-up ordinary shares of Rs. 10/- (PKR Ten Only) each of Petitioner No. 2 to Petitioner No. 1, against a consideration value of Rs. 87.985/- pr share which is inclusive of Rs. 77.985/- share premium. This shall result in an increase in share capital of Petitioner No. 2 by Rs. 300,000,000/- (PKR Three hundred Million Only) and the share premium to be recorded in the books of Petitioner No. 2 as Rs. 2,339,559,771/- (PKR Two Billion Three Hundred Thirty-Nine Million Five Hundred Eighty-Nine Thousand Seven Hundred Seventy-One Only) as per the valuation certificate attached hereto as prepared by M/s. Shinewing Hameed Chaudhri & Co., Chartered Accountants. These shares shall rank pari passu with the existing ordinary shares of Petitioner No. 2 in all respects. Furthermore, the balance NAV representing revaluation surplus of Rs. 947,502,846/- (PKR Nine Hundred Forty-Seven Million Five Hundred Two Thousand Eight Hundred Forty-Six) pertaining to property, plant and equipment transferred to Petitioner No. 2 shall be incorporated in the financial statements of Petitioner No. 2 as a separate line item of equity subsequent to the transfer.

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[Copy of Valuation Certificate is attached herewith as Annexure G]

11. That the shares of the Petitioner No. 2 that are to be allotted to Petitioner No. 1 under the Scheme as consideration for the Transferred Assets and Undertakings, has been recommended by M/s. Shinewing Hameed Chaudhri & Co., Chartered Accountants on the basis of financial studies carried out by them. The respective Board of Directors of the Petitioners considered the recommendations of M/s. Shinewing Hameed Chaudhri & Co., Chartered Accountants and their recommendations have been accepted by the respective Board of Directors of the Petitioners.
12. That the reconstruction and bifurcation of assets of Petitioner No. 1, as aforesaid, would be beneficial, *inter alia*, for the following reasons:
  - i. Enabling Petitioner No. 1 to act as a holding company for Petitioner No. 2, while allowing Petitioner No. 2 to independently operate their businesses on regular basis;
  - ii. Progression of businesses of Petitioners through independent operation in specialised lines of business;
  - iii. Enabling the Petitioner to focus on their specific core business and operations by straightening management and finances and thus, facilitating the businesses to be carried on more advantageously, economically and profitably; and
  - iv. This bifurcation will result in the independent businesses to be managed in a more effective, efficient, and beneficial manner, thus, benefiting the shareholders of the Petitioner No. 1.
13. That the no objection certificates/consents of the secured creditors of both the Petitioner No. 1 having charges, mortgages and encumbrances on the assets of the Petitioner No. 1 are in

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the process of being obtained and will be brought on to the record prior to the sanction of the Scheme. Petitioner No. 2 has no secured creditors.

*[The list of secured creditors of Petitioner No. 1 and Petitioner No. 2 are attached herewith as Annexure – H/1]*

*[Confirmation by Company Secretary of Petitioner No. 2 for having no secured creditors are attached herewith as Annexure – H/2]*

14. That as mentioned above, the Petitioner No. 2 is a wholly owned subsidiary of Petitioner No. 1. Therefore, no clearance from the Competition Commission of Pakistan (the "CCP") is required as the transactions under the Scheme are exempt from the requirement of filing pre-merger notification in terms of Clause 5(1)(ii) of the Competition (Merger Control) Regulations, 2016.

15. That all costs, charges and expenses incurred in connection with the transfer to and vesting in the Petitioners No. 2 of the Transferred Assets and Undertakings, and all other costs, charges and expenses incurred in respect of the preparation of this Scheme and carrying the same into effect shall be borne and paid by Petitioner No. 1.

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That no prejudice shall be caused if the Scheme is sanctioned as the sanction of the Scheme will benefit, and is in the interest of, the Petitioners, their shareholders, employees as well as the general public.

17. That this Honourable Court has the jurisdiction to adjudicate upon this matter, as the registered offices of both the Petitioners are situated in Multan.

18. That it would be just and equitable in the circumstances if the Scheme is sanctioned by this Honourable Court and orders passed as prayed.

It is, therefore, respectfully prayed that this Honourable Court may be pleased:

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i. to convene separate meetings of the members of the Petitioners for the purpose of considering, and if thought fit, approving, adopting and agreeing to the Scheme as set forth in Annexure A to this Petition;

ii. to issue directions, in connection with the meetings to be convened under the order of this Honourable Court as follows:

a. that the meetings of the members of each Petitioner shall be held within 30 (thirty) days of the order directing the convening thereof and shall be held at such place and at such time as the Board of Directors of that Petitioner may decide or this Honourable Court may otherwise direct;

b. that the Chairman of Board of Directors of Petitioner No. 1 or such other person as this Honourable Court may be pleased to appoint, be appointed as Chairman of the said meetings and to direct the said Chairman to submit reports to this Honourable Court of the due convening and resolutions passed at such meetings by such date as may be fixed, and that the quorum requisite for the conduct of business at each such meeting shall be that specified in the Articles of Association of each of the Petitioners.

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that issue notices through publication or otherwise of the said meetings be given to the respective members of the Petitioners and the Registrar of Companies under Section 283 of the Companies Act, 2017;

iv. to approve and sanction the Scheme as set forth in Annexure – A, so as to be binding on all the members and creditors of each of the Petitioners;

v. to pass all requisite vesting orders for giving effect to the Scheme, including vesting orders pursuant to Section 282 of the Companies Act, 2017 for the transfer from Petitioner No. 1 and vesting into Petitioner No. 2 of the Transferred Assets and Undertakings together with all the rights, liabilities and obligations of the Petitioner No. 1 pertaining to the Transferred Assets and Undertakings as specified in the Scheme, in accordance with Article 3 of the Scheme, with effect from January 1, 2025; and

vi. to order that the costs and incidental expenses to this application be paid by the Petitioner

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To pass such further order or orders and to issue all consequential and necessary directions as this Honorable Court may deem fit and proper in the circumstances.



Petitioner No. 1



Petitioner No. 2

Application No. 27744

Date of presentation 28-11-25

of Application

Date of Receipt of fee.....

No. of Words/Pages.....

Copying fee.....

Urgent fee.....

Registration & Postage fee.....

Agency fee.....

Court of and application.....

Total.....

Name of Copiest.....

Date of Receipt of File.....

Date of preparation.....

Date of Issuance of Copy.....

THROUGH

SHEHZAD A. ELAHI  
ADVOCATE SUPREME COURT  
BARRISTER-AT-LAW

SALMAN ZAHEER KHAN  
ADVOCATE HIGH COURT

MUSSADIQ ISLAM  
ADVOCATE HIGH COURT

KHAWAJA OMER GHIAS  
ADVOCATE HIGH COURT

MUHAMMAD YAHYA  
ADVOCATE HIGH COURT  
NAWA-E-WAQT HOUSE  
4, SHAHRAH-E-FATIMA JINNAH ROAD  
LAHORE

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AUTHORISED UNDER ARTICLE 87  
OF CONSTITUTION UNDER 1984

Certificate:

This is first Petition on this Subject

Matter. As Per my Court Register.  
CE

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FOR PRIVATE USE  
Barrister-at-Law  
Authorized under Article 87  
of Qanun-i-Shahadat Order 1984  
Lahore High Court  
Multan Bench, Multan



(Pages 13-50)  
of this Petition  
A.H.C. 119

# SCHEME OF ARRANGEMENT

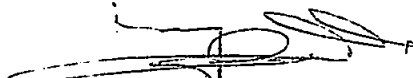

BETWEEN

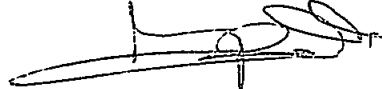

(1) MAHMOOD TEXTILE MILLS LIMITED AND ITS MEMBERS

AND

(2) MG APPAREL LIMITED AND ITS MEMBERS

(IN TERMS OF PROVISIONS OF SECTIONS 279 TO 283, 285  
AND ALL OTHER ENABLING PROVISIONS  
OF THE COMPANIES ACT, 2017)

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## PREAMBLE

### MAHMOOD TEXTILE MILLS LIMITED

#### BACKGROUND

MAHMOOD TEXTILE MILLS LIMITED (hereinafter referred to as "MTML" or "Transferor") was incorporated as a public company on February 25, 1970, under the laws of Pakistan and is listed on the Pakistan Stock Exchange. Its registered office is situated at Mehr Manzil, Lohari Gate, Multan. The ownership and management of MTML is specified in Article 2 (I).

### MG APPAREL LIMITED

#### BACKGROUND

MG APPAREL LIMITED (hereinafter referred to as "MGA" or "MG Apparel" or "Transferee") was incorporated on November 16, 2022, as a single member company under the provisions of the Companies Act, 2017 and converted into a public limited company with effect from April 24, 2024. Its registered office is situated at Mehr Manzil, Lohari Gate, Multan. MGA is a wholly owned subsidiary of MTML. The ownership and management of MGA is specified in Article 2 (II).

### Objective and Benefits

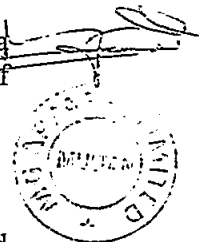
The principal object of this Scheme of Arrangement, formulated pursuant to the provisions of Sections 279 to 283 and 285 of the Companies Act, 2017, is to provide for the reconstruction of MTML through the separation of the Transferred Assets and Undertakings (defined hereinafter in Article 1) inclusive of all assets, rights, liabilities and obligations of MTML pertaining thereto (excluding the Retained Assets and Undertakings (defined hereinafter in Article 1)) and transfer and vesting of the Transferred Assets and Undertakings into MGA.

The benefits of the Scheme of Arrangement, shall include but are not limited to the

- i. This Scheme will allow MTML to act as holding company in respect of MGA. While MTML can oversee, supervise and control (to the extent possible), the management of MGA shall independently operate businesses on a regular basis;
- ii. Progression of the businesses of MTML and MGA shall be through operation of independent and specialized lines of business;
- iii. Enable MTML and MGA to focus on their specific core businesses and operations by strengthening management and finances and thus, facilitating the businesses to be carried on more advantageously, economically and profitably; and
- iv. This arrangement will result in the businesses being managed and carried out in a more effective, efficient and beneficial manner, thus benefitting the shareholders of MTML.

### Effectiveness of the Scheme

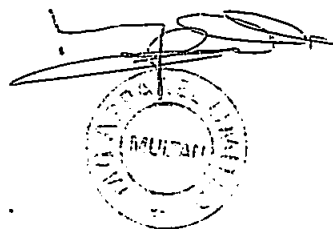
1. The Scheme shall become binding and operative on the Sanction Date (as defined below) with deeming effect from the Effective Date.
2. The vesting of Transferred Assets and Undertakings in MGA shall be deemed to have taken effect on the Effective Date (as defined below) in terms fully set forth in this Scheme.



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3. As between the Effective Date and the Sanction Date, there is no restriction on the conduct of the business of MTML, in particular in relation to the Transferred Assets and Undertakings.
4. As and from the Effective Date and until occurrence of the Sanction Date:
  - a. MTML shall carry on and be deemed to have carried on the business relating to the Transferred Assets and Undertakings for and on behalf of MGA and shall stand possessed of, and hold, the Transferred Assets and Undertakings in trust for MGA;
  - b. any income, sales including exports, or profits accruing or arising to MTML or made by MTML, and all costs, charges, expenses and losses or tax incurred by MTML in relation to the Transferred Assets and Undertakings shall for all purposes be treated as the income, sales including exports, profits, costs, charges, expenses and losses or tax of MGA;
  - c. any rights, titles, assets, privileges, powers, licenses, permissions, claims, interests, liabilities and obligations of MTML which arise or accrue in relation to the Transferred Assets and Undertakings shall be deemed to be the rights, titles, assets, privileges, powers, licenses, permissions, claims, interests, liabilities and obligations of MGA; and
  - d. any transactions, acts, deeds done in the normal course of business and/or sanctioned by the Board of Directors of MTML in relation to the Transferred Assets and Undertakings shall be deemed to have been carried out for the benefit of MGA.

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**ARTICLE-1 – DEFINITIONS**

**DEFINITIONS**

- (I) In this Scheme of Arrangement (including the Preamble hereto), the following expressions shall bear the meanings specified against them below:
- (A) "Act" means the Companies Act, 2017;
- (B) "Additional Land" means the Industrial Plots Nos. 93, 94, 95, and 96, located in Multan Industrial Estate, Multan, in aggregate admeasuring 8.946 acres and currently leased to Mahmood Textile Mills Limite, as more particularly described in Schedule I;
- (C) "Apparel Business" means the business carried out by MTML in relation to sale and manufacture of textiles and apparel and excludes any business relating to the Retained Assets and Undertakings;
- (D) "Apparel Employees" means all employees of MTML who are employed wholly and/or principally for the purposes of the Apparel Business and have given their consent to have their employment transferred to MGA in terms of this Scheme;
- (E) "Apparel IP" means all rights, title and interest of MTML relating to the Apparel Undertaking, anywhere in the world, in any patents, trademarks, service marks, designs, copyrights, inventions, customer database and customer relationships including, without limitation, any licenses (inclusive of the benefits and obligations of such licenses) for the same, and any applications or the rights to apply for protection or registration of any of the same having an effective filing date or priority date on or earlier than the Sanction Date, and any continuing, reissue, divisional and re-examination patent application;
- (F) "Apparel Assets & Liabilities" shall comprise the following:
- (a) the Apparel Business as a going concern;
  - (b) the assets of MTML relating exclusively or primarily to the Apparel Business by whatever title held:
    - (i) any office facilities (including all related infrastructure) rented exclusively or primarily for the Apparel Business, together with all rights, easements, privileges and advantages appurtenant thereto or for the benefit thereof;
    - (ii) the superstructure, plant, and machinery exclusively related to or being utilized for the Apparel Business that currently exist or are installed, or as may be installed between Effective Date and Sanction Date on the immovable properties/land in the ownership of MTML wherever situated, (the "Superstructures");
    - (iii) land measuring 130 marlas situated at Whitehouse Avenue Askari Bypass Multan;
    - (iv) all motor vehicles, furniture, fixtures and fittings owned or leased exclusively or primarily for the Apparel Business;
    - (v) all assets, rights and liabilities owned by, or under the control of MTML and used in the conduct of the Apparel Business, including without limitation, computers, machinery, tools, equipment, furniture, motor vehicles, fixtures and other tangible assets etc.,

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(vi) to the extent the same relate to the Apparel Business, all inventory, generators, stocks of fuels for generators, office supplies etc.;

(vii) the goodwill of MTML in relation to the Apparel Business and exclusive right of MTML to represent itself as owning, operating and managing the Apparel Business;

(viii) all rights, title and interest of MTML relating to the Apparel Business in technical data and know-how, industrial and technical information, trade secrets, secret processes, confidential information, drawings, formulations, technical reports, operating and testing procedures or instruction manuals, the results of research and development work, whether in hard copy or in computer held form (including, for the avoidance of doubt, such media as microfilm and microfiche);

(ix) all insurance policies relating to the Apparel Business as more particularly specified in **Schedule II** hereto;

(x) to the extent the same relate to the Apparel Business, all contracts which remain in whole or in part to be performed at the Sanction Date entered into by or subsisting in favour of MTML, inclusive of all rights and obligations of MTML arising thereunder;

(xi) long term finance facilities obtained by MTML for the purposes of the Apparel Business as more particularly specified in **Schedule III** hereto;

(xii) to the extent the same relate to the Apparel Business, all agreements, the benefits of contracts (including employment/service contracts), trusts, leases, conveyances, powers, instruments of transfer, engagements, commitments and arrangements entered into by or subsisting in favor of MTML, inclusive of all rights and obligations of MTML arising thereunder;

(xiii) to the extent the same relate to the Apparel Business, all historical and current documents, customer lists, product and supplier lists, catalogues, literature, employee records, documents of title, sales targets, sales statistics, market share statistics, marketing surveys and reports, marketing research and advertising or other promotional materials and accounting (including management account records) and other financial data whether in hard copy or in computer held form (including, for avoidance of doubt, such media as microfilm and microfiche);

(xiv) to the extent the same relate to the Apparel Business, all claims, book trade and other debts or sums (including suppliers' credit notes) due, owing, accrued or payable to MTML (whether or not invoiced and whether or not immediately due or payable), advances, deposits, prepayments and other receivables, investments (both short term and long term, including without limitation, investments in shares, debentures, debt instruments and other securities), cash in hand and at bank, or other depositories;

(c) the connections and facilities for telecommunication owned by, or leased or licensed to MTML and utilised by it for the Apparel Business including telephones, telexes and facsimile and benefit of all payments and deposits made by MTML in connection therewith;

(d) the connections, meters and other installations owned by, or leased or licensed to MTML for the Apparel Business for the supply of water, gas and electricity (including the connections more particularly specified in **Schedule IV** hereto) and the benefit of all payments and deposits made by MTML in connection therewith;

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- (e) all amounts owing (whether or not due for payment) or payable by MTML and which are unpaid at the Sanction Date in respect of the supply of goods and services, (including, without limitation, credit notes granted and advances received from suppliers or customers) to the extent arising exclusively or primarily in the ordinary course of business in relation to, or in connection with or from the operations of the Apparel Business;
- (f) the liabilities of MTML on account of taxes, including income tax, sales tax, octroi, infrastructure cess, customs duty, excise duty, stamp duties, registration fees, levies, deductions, imposts, and any other charges and withholdings whatsoever, together with any interest, markup or penalties payable in connection with any failure to pay or delay in paying any of the above, to the extent they relate exclusively or primarily to the Apparel Business, and the entitlements of MTML to refunds, including all tax refunds, credits, advance payments or any other benefits in respect of any of the foregoing;
- (g) cash in the bank and other accounts of MTML maintained exclusively or primarily for or in connection with the Apparel Business;
- (h) the capital reserves, revenue reserves and un-appropriated profits and losses of MTML relating to the Apparel Business;
- (i) the contracts of employment of the Apparel Employees, and all rights, obligations and liabilities of MTML arising after the Effective Date under such contracts or otherwise in relation to the Apparel Employees, including such liabilities payable on termination of service by way of gratuity and provident fund;
- (j) all other rights, powers, authorities and privileges of MTML relating exclusively or primarily to the Apparel Business, including, without limitation:
  - (i) all registrations, licenses, permits, authorisations, sanctions, permissions and approvals issued or granted by any government, governmental department or agency, or any statutory, local authority or any municipal corporation to MTML;
  - (ii) all concessions, entitlements duty and tax exemptions and remissions;
  - (iii) all credits and refunds on account of sales tax, income tax, customs duty, octroi and other duties, taxes, levies, fees, charges, or imposts paid on account of, or in connection with, the Apparel Business; and
  - (iv) rights against third parties (including sub-contracts and any retention of title rights);
- (k) all liabilities, including those relating to health, safety and environment, to the extent arising exclusively or primarily in the ordinary course of business in relation to or in connection with or from the operations of the Apparel Business, arising as a result of MTML's failure to comply with any relevant and legally enforceable corporate or other laws, rules, ordinances, or regulations;
- (l) any suit, action, arbitration, charge, governmental investigation, claim, litigation or proceedings, costs, demands and expenses relating to paragraphs above.

BUT EXCLUDING the Retained Assets and Undertakings, which shall remain with MTML.

- (m) "Apparel Undertaking" shall comprise of the following:

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- a. Apparel IP; and
- b. Apparel Assets & Liabilities;
- (H) "Court" means the Lahore High Court, Multan Bench or any other court of competent jurisdiction for the time being having jurisdiction under Sections 279 to 283 and 285 of the Companies Act, 2017, in connection with this Scheme;
- (I) "CRO Multan" means the Companies Registration Office Multan, Securities and Exchange Commission of Pakistan;
- (J) "Effective Date" means 00:00 hours on January 1, 2025;
- (K) "Encumbrances" mean (i) any mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment, deed of trust, title retention, security interest or other encumbrances of any kind securing, or conferring any priority of payment in respect of, any obligation of any person, including any right granted by a transaction which in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under applicable law; (ii) any proxy, power of attorney, voting trust agreement, interest, option, right of first refusal, transfer restrictions in favor of any person; and (iii) adverse claim as to possession or use;
- (L) "MGA" or "Transferee" means MG Apparel Limited, a public limited company incorporated under the laws of Pakistan and having its registered office at Mehr Manzil, Lohari Gate, Multan;
- (M) "MTML" or "Transferor" means Mahmood Textile Mills Limited, a public listed company incorporated under the laws of Pakistan and having its registered office at Mehr Manzil, Lohari Gate, Multan;
- (N) "Retained Assets and Undertakings" means all the assets, undertakings, liabilities and obligations of MTML that are retained by it under this Scheme, i.e. other than the Transferred Assets and Undertakings;
- (O) "Rs." means "Rupees", being the legal tender money of the Islamic Republic of Pakistan;
- (P) "Sanction Date" means the date on which the Scheme is sanctioned by the Court;
- (Q) "Scheme" means this Scheme of Arrangement in its present form with or without any modification hereof or addition hereto, as approved by the Court; and
- (R) "Transferred Assets and Undertakings" means collectively the Apparel Undertaking and Additional Land.

## ARTICLE-2 - SHARE CAPITAL AND MANAGEMENT

### (I) MAHMOOD TEXTILE MILLS LIMITED

The authorized share capital of MTML is Rs. 500,000,000/- (PKR Five Hundred Million Only) divided into 50,000,000 ordinary shares of Rupees 10/- (PKR Ten Only) each. The issued, subscribed and paid-up capital of MTML is Rs. 300,000,000/- (PKR Three Hundred Million Only) divided into 30,000,000 ordinary shares of Rs. 10/- (PKR Ten Only) each.

The registered office of MTML is situated at Mehr Manzil, Lohari Gate, Multan.

(a) The pattern of shareholding of MTML, as of the date of this Scheme, is as follows:

Shareholding of Mahmood Textile Mills Limited	Shares held	%
Kh. Muhammad Ilyas	100.000	0.333
Mst. Farrah Ilyas	100	0.0003
Kh. Muhammad Mehr Ali	3,192,543	10.6418
Kh. Muhammad Qasim	3,192,456	10.6415
Kh. Muhammad Younus	1,945,558	6.4852
Mst. Rubina Wadood	628,366	2.0946
Mr. Muhammad Anees	1,256,732	4.1891
Kh. Muhammad Jawad	1,256,732	4.1891
Mst. Sadia Youns	567,908	1.8930
Mst. Ayesha Younus	628,366	2.0946
Kh. Muhammad Muzaaffar Iqbal	1,607,514	5.3584
Mr. Abdul Haq	1,586,762	5.2892
Kh. Muhammad Mohsin Masood	1,576,495	5.2550
Mst. Khadija Qureshi	497,996	1.6600
Mst. Ghousia Tariq	872,413	2.9080
Mst. Rehana Kausar	1,734,427	5.7814
Kh. Muhammad Mudassar	649,060	2.1635
Ghulam Muhammad Tehani	640,000	2.1333
Mst. Zahra Rehman	1,378,979	4.5966
Moeen Ud Din Qureshi	480,000	1.6000
Muhammad Tasman Qureshi	480,000	1.6000
Muhammad Hassan Qureshi	480,000	1.6000
Mst. Shaifque Zahra	1,241,092	4.1370
Mst. Nida Mustafa Shahbazkar	620,547	2.0685
Mr. Muhammad Faraz	620,547	2.0685
Kh. Muhammad Noman	620,547	2.0685
Other General Public	2,144,860	7.1495
Total	30,000.000	100

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- (b) The total number of shareholders of MTML, as of the date of this Scheme, is 465.
- (c) The Board of Directors of MTML as of the date of this Scheme, consists of the following directors:

Sr.	Name of Directors
1.	Khawaja Muhammad Younas (Chief Executive)
2.	Khawaja Muhammad Muzaffar Iqbal
3.	Abdul Rehman Qureshi
4.	Mrs. Farrah Ilyas
5.	Mr. Muhammad Asghar
6.	Muhammad Anees
7.	Khawaja Muhammad Ilyas

## (II) MG APPAREL LIMITED

The authorized share capital of MGA is Rs. 10,000,000/- (PKR Ten Million Only) divided into 1,000,000 ordinary shares of Rs. 10/- (PKR Ten Only) each. The issued, subscribed and paid-up capital of MGA is Rs. 10,000/- (PKR Ten Thousand Only) divided into 1000 ordinary shares of Rs. 10/- (PKR Ten Only) each. MGA is a wholly owned subsidiary of MTML.

The registered office of MGA is situated at Mehr Manzil, Lohari Gate, Multan.

- (a) The pattern of shareholding of MGA, as of the date of this Scheme, is as follows:

Name of shareholders	Shares held	%
MTML	997	99.7
Khawaja Muhammad Asghar (as qualifying shareholder on behalf of MTML)	01	0.1
Zeeshan Haider (as qualifying shareholder on behalf of MTML)	01	0.1
Mohsin Sarwar (as qualifying shareholder on behalf of MTML)	01	0.1
Total	1,000	100

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- (b) The total number of shareholders of MGA, as of the date of this Scheme, is 4.

- (c) The Board of Directors of MGA as of the date of this Scheme, consists of the following directors:

Sr.	Name of Directors
1.	Mohsin Sarwar (Chief Executive Officer)
2.	Zeeshan Haider
3.	Khawaja Muhammad Asghar

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### ARTICLE-3 – SCHEME OF ARRANGEMENT

#### GENERAL

This Scheme of Arrangement has been formulated pursuant to the provisions of Sections 279 to 283 and 285 of the Act for the separation from MTML of the Transferred Assets and Undertakings and transfer and vesting of the same into MGA.

#### (I) Transfer of Transferred Assets and Undertakings into MGA

The entire Transferred Assets and Undertakings i.e. Apparel Undertaking and Additional Land, shall transfer and vest in MGA in the following manner:

- (i) The entire Transferred Assets and Undertakings as subsisting as of the Sanction Date shall, without further act or deed, matter, instrument or thing, process or procedure, be separated from MTML and shall be transferred to and vested in MGA on the Sanction Date.
- (ii) The separation from MTML and transfer to and vesting in MGA of the Transferred Assets and Undertakings shall be treated as having taken effect from the Effective Date, and as from that time and until the Sanction Date, the Transferred Assets and Undertakings shall be deemed to have been carried on / held on trust for and on account and for the benefit of MGA and all profits and losses accruing or arising to or incurred by MTML through the operation and ownership of the Transferred Assets and Undertakings from the Effective Date shall be treated as profits and losses (as the case may be) of MGA.
- (iii) During the period from the Effective Date till the Sanction Date, MTML shall not sell, transfer or dispose of any of the Transferred Assets and Undertakings except for in the ordinary course of business.
- (iv) For the avoidance of doubt, it is clarified that the sales pertaining to the Apparel Undertaking shall be, during the period from the Effective Date till the Sanction Date, reported in monthly sales tax returns of MTML for sales tax purposes. Furthermore, sales pertaining to the Apparel Undertaking shall be reported in annual income tax returns of MTML, if income tax return filing date falls before the Sanction Date. If income tax return filing date falls after the Sanction Date, these sales shall be reported in annual income tax return of MGA.

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#### (II) Determination of Transferred Assets and Undertakings

##### (i) A statement of assets and liabilities:

- a. has been prepared by MTML (appended herewith as Schedule V) of the properties, assets, rights, liabilities and obligations comprised in the Transferred Assets and Undertakings, as reflected in the books of account of MTML immediately preceding the Effective Date and which has been certified by M/s. Crowe Hussain and Chaudhry., Chartered Accountants;

- b. shall be prepared by MTML of the properties, assets, rights, liabilities and obligations comprised in the Transferred Assets and Undertakings, as reflected in the books of account of MTML as of the Sanction Date and which shall be certified by M/s. Crowe Hussain and Chaudhry., Chartered Accountants within ninety (90) days of the Sanction Date.

- (ii) The statement of assets and liabilities mentioned in sub-clause (i) above have been/shall be prepared in accordance with the accounting principles generally accepted in Pakistan and shall include notes setting out assumptions used in identifying the properties, rights, liabilities and obligations of MTML relating to the Transferred Assets and Undertakings.

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ARTICLE-4- CONSIDERATION

- 1) MGA is a wholly owned subsidiary of MTML.
- 2) The Net Assets Value ("NAV") of the Transferred Assets and Undertakings amount to Rs. 3,587,062,617/- (PKR Three Billion Five Hundred Eighty-Seven Million Sixty-Two Thousand Six Hundred Seventeen Only). In consideration of the transfer of Transferred Assets and Undertakings from MTML to MGA, MGA shall, issue and allot 30,000,000 fully paid-up ordinary shares of Rs. 10/- (PKR Ten Only) each of MGA to MTML against a consideration value of Rs. 87.985/- per share which is inclusive of Rs. 77.985/- share premium. This shall result in an increase in share capital of MGA by Rs. 300,000,000/- (PKR Three Hundred Million Only) and the share premium to be recorded in the books of MGA as Rs. 2,339,559,771/- (PKR Two Billion Three Hundred Thirty-Nine Million Five Hundred Fifty-Nine Thousand Seven Hundred Seventy-One Only) as per the valuation certificate attached hereto as Schedule VI prepared by M/s. Shinewing Hameed Chaudhri & Co., Chartered Accountants. These shares shall rank pari passu with the existing ordinary shares of MGA in all respects. Furthermore, the balance of the NAV representing revaluation surplus of Rs. 947,502,846/- (PKR Nine Hundred Forty-Seven Million Five Hundred Two Thousand Eight Hundred Forty-Six) pertaining to property, plant, and equipment transferred to MGA shall be incorporated in the financial statements of MGA as a separate line item of equity subsequent to the transfer.
- 3) The allotment of the ordinary shares of MGA in accordance with preceding clauses shall be made by MGA within thirty (30) days from the Sanction Date. The share certificates for such shares shall be made ready for delivery as soon as practicable thereafter and notice of their readiness for delivery shall be given to MTML in the manner provided in the Articles of Association of MGA. Share certificates not collected within the time specified in any such notice shall be sent by registered post in prepaid envelopes addressed to MTML at its registered address. MGA shall not be responsible for the loss of any share certificate in transmission. In case such shares cannot be delivered as aforesaid, they will be securely held by MGA in safe custody for MTML (and/or its respective successors-in-interest).
- 4) Ordinary shares of MGA upon issue and allotment pursuant to this Scheme, shall rank pari passu with the existing ordinary shares of MGA in all respects and shall be entitled to all dividends declared after the Sanction Date.

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# ARTICLE-5 - RIGHTS AND OBLIGATIONS OF MTML AND MGA

## (I) RIGHTS AND OBLIGATIONS OF MGA IN RESPECT OF THE TRANSFERRED ASSETS AND UNDERTAKINGS

- (i) All contracts, agreements, trusts, leases, licenses, conveyances, commitments, engagements and arrangements, grants, instruments of transfer, rights, powers, authorities and privileges entered into by or subsisting in favor of MTML and comprised in the Transferred Assets and Undertakings, upon being transferred to and vested in MGA, shall remain in full force and effect as if originally entered into by or granted in favor of MGA instead of MTML and MGA may enforce all rights and shall perform all obligations and discharge all liabilities arising thereunder accordingly.
- (ii) The debts, liabilities and obligations of MTML comprised in the Transferred Assets and Undertakings, upon being transferred to and vested in MGA, shall be treated as the debts, liabilities and obligations of MGA as if originally incurred by MGA instead of MTML and MGA shall pay and discharge all such debts and liabilities and shall perform all such obligations accordingly. For the avoidance of doubt, the foregoing shall not include the debts, liabilities and obligations of MTML comprised in the Retained Assets and Undertaking which shall remain with MTML, and as such MTML shall pay and discharge all liabilities comprised in Retained Assets and Undertaking and shall continue to perform all such obligations accordingly.
- (iii) In so far as any of the assets of MTML which form part of the Transferred Assets and Undertakings are subject to any Encumbrances immediately prior to the Sanction Date, such assets shall be deemed to have been transferred to MGA on the Effective Date subject to such Encumbrances. MGA shall be deemed without any further act, deed, matter or thing, to have created all such Encumbrances on the assets of the Transferred Assets and Undertakings in the same amount and for the benefit of the same charge holders. Upon the transfer of Transferred Assets and Undertakings from MTML to MGA in terms of this Scheme, the charges recorded in the register of charges of MTML in respect of Encumbrances on any of the assets comprising the Transferred Assets and Undertakings shall be released and discharged simultaneously with the registration of the same charges by MGA with the CRO Multan in accordance with the Act.
- (iv) The capital reserves, revenue reserves and accumulated profits and losses of MTML accruing between the Effective Date and the Sanction Date, relating to the Transferred Assets and Undertakings shall constitute and be treated as reserves of a corresponding nature in MGA corresponding to such Transferred Assets and Undertakings and shall be accounted on that basis in the books of account of MGA and the capital reserves and revenue reserves of MTML shall correspondingly stand reduced and shall be accounted on that basis in the books of account of MTML.
- (v) All suits, appeals, arbitrations, governmental investigations and other legal proceedings instituted by or against MTML in respect of the Transferred Assets and Undertakings and pending before any court, tribunal, regulatory body or any other authority shall be treated as suits, appeals and legal proceedings by or against MGA under this Scheme and may be continued, prosecuted and enforced by or against MGA accordingly.
- (vi) On and from the Sanction Date, the debts, liabilities and obligations of MTML comprised in the Transferred Assets and Undertakings transferred to and vested in MGA, shall be treated as the debts, liabilities and obligations of MGA, as if originally incurred by MGA instead of MTML

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and MTML shall be discharged from all obligations in respect of such liabilities. MGA shall pay and discharge all such debts and liabilities and perform all such obligations accordingly, as may be applicable.

(vii) With effect on and from the Effective Date, all tax liabilities of MTML relating to the Transferred Assets and Undertakings under any law for the time being in force shall become the tax liabilities of MGA and MTML shall cease to have any tax liabilities in relation to the Transferred Assets and Undertakings on and from the Sanction Date. Where such a tax liability is paid by MTML, MGA shall be liable to reimburse such amounts to MTML. Further, with effect from the Effective Date, all rights of MTML to refunds, credits, advance payments or any other benefits in respect of any tax relating to the Transferred Assets and Undertakings shall stand transferred to MGA. Where any such tax refund or benefits is received by MTML after the Effective Date, it shall promptly upon receipt of it, pay the same to MGA.

(viii) The Apparel Employees shall, as from the Effective Date, be deemed to be the employees of MGA on the same terms and conditions on which they were employed by MTML immediately prior to the Effective Date, without being required to be paid any terminal or other benefits (other than accrued salaries and wages) by MTML.

a. The terms and conditions of services applicable to the Apparel Employees after such transfer to MGA shall not in any way be less favourable than those applicable to them immediately prior to such transfer. The services of all Apparel Employees prior to their transfer to MGA shall be taken into account for the purposes of all benefits to which such employees are eligible under law and/or in terms of their relevant employment contracts.

b. In so far as the employees' pension fund of MTML in the name of "Meezan Tahaffuz Pension Fund (Money Market Sub Fund)", the same shall be continued for the benefit of the Apparel Employees.

c. It is clarified that the services of the Apparel Employees will be treated as having been continuous and not interrupted for the purpose of the aforesaid employees' pension fund.

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## (II) RETENTION OF ASSETS AND OBLIGATIONS BY MTML

(i) The Retained Assets and Undertakings shall remain the assets, undertakings, liabilities and obligations of MTML and shall not be transferred to or vested in MGA.

(ii) For the avoidance of doubt, it is clarified that the Retained Assets and Undertakings shall at all times remain the assets, undertakings, liabilities and obligations of MTML and MTML shall continue to discharge and perform the same accordingly.

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ARTICLE-6 - GENERAL PROVISIONS

SANCTION AND EFFECTIVENESS OF SCHEME

- I. (i) The respective Board of Directors of MTML and MGA have approved the foregoing Scheme for submission to the Court. Consequent thereupon, a petition will be submitted to the Court for obtaining sanction of this Scheme (as may be amended or modified in terms hereof) formulated in terms of the provisions of Section 279 and all other enabling provisions of the Act and for an order under Section 282 of the Act for carrying the Scheme into effect.
- (ii) The respective Board of Directors of MTML and MGA may, in their absolute discretion, consent jointly on behalf of all concerned (including MTML and MGA and their respective shareholders) to any modifications or additions or alterations to this Scheme (as considered necessary or expedient by the Board of Directors for any reason whatsoever) or to any conditions which the Court may think fit to impose and may give such directions as they may consider necessary to settle any questions or difficulty arising under this Scheme or in regard to its implementation or in any matter connected therewith.
- (iv) Notwithstanding that the Scheme becomes binding and operative on the Sanction Date, the separation from MTML, and transfer to and vesting in MGA, of the Transferred Assets and Undertakings shall be deemed to have taken place on the Effective Date and shall be treated accordingly, as per the provisions of this Scheme.
- (v) Except as expressly otherwise stated herein, following the Sanction Date, the Transferred Assets and Undertaking shall be recorded in the books of account of MGA at the value appearing in the books of account of MTML on the Effective Date.
- (vi) Each of MTML and MGA shall take all actions and execute all formalities considered by their respective Board of Directors necessary and expedient to properly and smoothly cause the transfer and vesting of the Transferred Assets and Undertakings in the manner stated herein and shall carry out and execute this Scheme pursuant to and in accordance with the orders of the Court.
- (vii) Without prejudice to the generality of the foregoing, the respective Board of Directors of MTML and MGA may generally or with regard to any specific issue or matter related to the execution and implementation of the Scheme, upon its due approval by the Court, authorize any person(s) or committee of persons to carry out such acts, deeds and things as may be deemed, from time to time, expedient and necessary for a proper and smooth implementation of the Scheme.
- II. As of the Sanction Date, the terms of this Scheme shall be binding on each of MTML and MGA and all their respective members, employees, debtors and creditors and any person having any right or liability in relation to them.


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III. This Scheme shall become null and void (i) if the Scheme is not approved by the requisite majority of members of any of MTML or MGA; or (ii) if sanction of the Court in respect of this Scheme is not obtained by or before December 31, 2026, or within such further period or periods as maybe agreed upon among MTML and MGA through their respective Board of Directors and in such event, no rights and liabilities shall accrue or be incurred by MTML or MGA in terms of this Scheme:

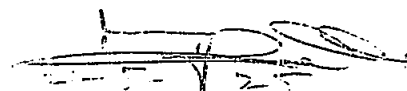
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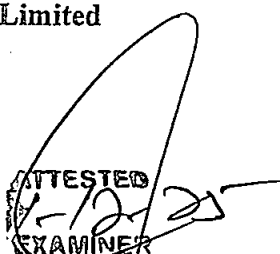
- (i) This Scheme shall be governed by and be construed in accordance with the substantive and procedural laws of Pakistan.
- (ii) Section headings are solely for convenience of reference and shall not affect the meaning or interpretation of this Scheme or any of its provisions.
- (iii) All costs, charges and expenses incurred in connection with the preparation of this Scheme and of carrying out and implementing the terms and provisions of this Scheme and incidental thereto in pursuance of this Scheme and the transfer to and vesting in MGA of the Transfer Assets and Undertakings shall be borne and paid by MTML.
- (iv) The transfer, vesting and de-merger of the Transferred Assets and Undertakings in terms of this Scheme shall not: (i) constitute any assignment, devolution, conveyance, alienation, parting with possession, or other disposition under any law for the time being in force; (ii) give rise to any forfeiture; (iii) invalidate or discharge any contract; and (iv) give rise to any right of first refusal or pre-emptive right.

  
21-5-25  
Company Secretary  
Mahmood Textile Mills Limited  
Date: May 21, 2025



  
21-5-25  
Company Secretary  
MG Apparel Limited  
Date: May 21, 2025



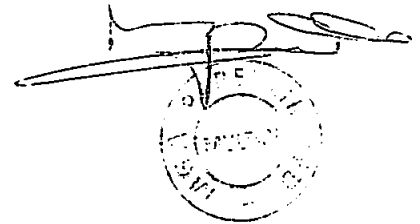
  
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# SCHEDULES

Sr. No.	Detail	Schedule
1.	Details of Additional Land to be transferred to MGA	I
2.	Insurance policies to be transferred to MGA	II
3.	List of Long-Term Loans availed in MTML to be transferred to MGA	III
4.	Utility connections of MTML to be transferred to MGA	IV
5.	Statement of assets and liabilities prepared by M/s. Crowe Hussain and Chaudhry., Chartered Accountants	V
6.	Certificate of valuation M/s. Shinewing Hameed Chaudhri & Co., Chartered Accountants	VI



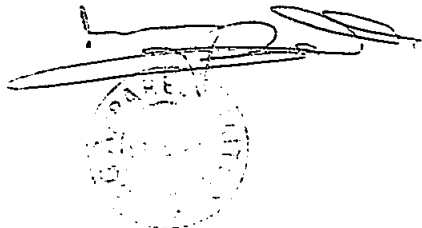
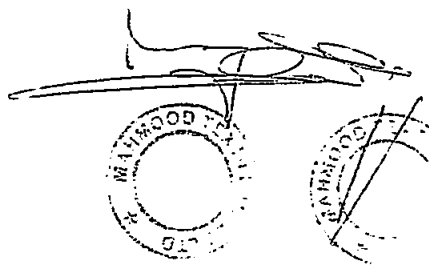


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*Schedule I – Description of Additional Land to be transferred to MGA*

1. Leasehold industrial plot nos. 94, 95, 96 situated in Multan Industrial Estate, Multan measuring 6 acres, leased to MTML by Punjab Industrial Estate Development and Management Company Lahore.
2. Leasehold industrial plot nos. 93 situated in Multan Industrial Estate, Multan measuring 2.946 acres, leased to MTML by Punjab Industrial Estate Development and Management Company Lahore.

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## Schedule II

## Insurance policies to be transferred to MGA

Policy Number	Business Class	Period of insurance		Sum insured (PKR)	Description
		Starting Period	Ending Period		
2024021FNFOP00159	Normal Fire Policy	1-Jul-24	30-Jun-25	5,015,500,000	On Building of Apparel Unit & Doubling Unit (Excluding Plinths, Pavements and Foundations), Including Boundary Walls, All Civil Works etc. & All Types Of Machinery Installed/Fitted in Entire Apparel Unit (detail as per schedule attached) only. Belonging to the insured and or held by them in trust in deposit and or on commission for which they may be legally responsible in the event of loss or damage by Fire + Allied perils, whilst Installed/Fitted in their Mills, known as MAHMOOD TEXTILE MILLS LIMITED (Apparel Unit & Doubling Unit), situated at " PLOT NO 94,95, & 96, INDUSTRIAL ESTATE MULTAN"
2024021FNFOP00160	Normal Fire Policy	1-Jul-24	30-Jun-25	2,892,350,000	VARIOUS STOCKS LYING/STORED IN THE MILLS (DETAIL AS PER SCHEDULE ATTACHED) only, belonging to the insured and or held by them in trust in deposit and or on commission for which they may be legally responsible in the event of loss or damage by Fire + Allied perils, Known as, MEHMOOD TEXTILE MILLS LIMITED (APPAREL UNIT/DOUBLING UNIT) RISK LOCATION: PLOT NO. 94, 95, 96, INDUSTRIAL ESTATE, MULTAN.
2024021FNFOP00161	Normal Fire Policy	1-Jul-24	30-Jun-25	239,000,000	On Complete SOLAR ENERGY SYSTEM/Plant with Invertors, Convertors, Solar Panels, Plates, Frames, Cables, E/Panels, Computerized Monitoring System & All Standard Accessories/Essential Parts etc. Lying/Installed/Fitted In/At the Entire Mills Known as, Mahmood Textile Mills Limited (Apparel Unit/Doubling Unit), Situated At" Plot No 94,95 & 96, Industrial Estate Multan.
2024021EMIOP00014	Machinery Insurance	1-Jul-24	30-Jun-25	1,414,500,000	On Machinery Breakdown Insurance of All ELECTRICAL/ELECTRONICS/MECHANICAL COMPONENTS, ALL STANDARD ACCESSORIES/ESSENTIAL PARTS ETC.IN THE MILLS/FACTORY, All Other Details as Per Schedule Attached, ONLY, WHILST LYING /INSTALLED /FITTED AT THE PREMISES, KNOWN AS Mahmood Textile Mills Limited, Situated at APPAREL/Doubling Unit, PLOT NO 94,95 & 96 Industrial Estate Multan.
2024021EBPOP00016	Boiler and Pressure Vessel Insurance	1-Jul-24	30-Jun-25	60,000,000	Boiler Pressure Vessel Insurance of BOILERS WITH COMPLETE ACCESSORIES, STRUCTURES, FITTINGS etc., whilst fitted/installed in the insureds Mill, known as M/s. MAHMOOD TEXTILE MILLS LIMITED. Situated At APPAREL UNIT, PLOT NO 94,95 & 96 INDUSTRIAL ESTATE MULTAN

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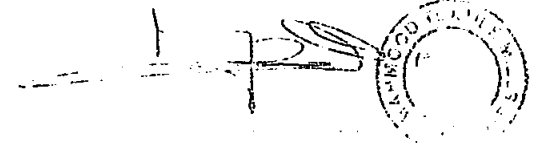
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2024021EEQOP00015	Electronic Equipment	1-Jul-24	30-Jun-25	140,000,000	On All Risk Insurance of Electronic Equipment of All Types [A] Computer's CPU /Led's /Lcd's, Led/Lcd Tv's, Laptops, Scanners, Printers, Photo Copiers [B] Telephone Exchanges, [C] CCTV Security Cameras All Types of Air Conditioners, [E] Ups & Batteries, [F] Wireless Communication System, [G] Complete Vrf System, [H] Electric Wiring/Electrifications in The Entire Mills/Factory, known as Mahmood Textile Mills Limited, Situated at Plot No. 94, 95, 96, Industrial Estate, Multan
2024021MILOP00293	MARINE CARGO (INLAND)	1 Jul-24	30-Jun-25	192,000,000	(ALL SORTS/LOOSE/IN ANY PACKING/WITHOUT PACKING) (PERTANING TO APPAREL UNIT) (PERTANING TO DOUBLING UNIT) IN TRANSIT"
2024021SCSOP01994	Cash In Safe	1-Jul-24	30-Jun-25	10,000,000	Indemnity against loss by burglary and or robbery in respect of Money i.e. On Coins, Bank Notes, Bank Cheques, Travelers Cheques, Postal Orders, Currency Notes and or Money Orders, whilst contained in the Insured Iron Safe and or on counter lying in the Insured Office, known as M/s MAHMOOD TEXTILE MILLS LIMITED APPAREL/Doubling UNIT, SITUATED AT PLOT NO.94,95, & 96 INDUSTRIAL ESTATE, MULTAN.
2024021SCTOP01995	Cash In Transit	1-Jul-24	30-Jun-25	10,000,000	On Cash, Currency Notes, Cheques, Drafts, Travelers Cheques, /Any Banking Instrument Etc., belonging to the insured whilst in COURSE OF TRANSIT From: Office/Anywhere in Pakistan to Any Where in Pakistan & Vice Versa. OFFICE LOCATION: MAHMOOD TEXTILE MILLS LIMITED APPAREL & Doubling UNIT, Situated At" Plot No 94,95 & 96, Industrial Estate Multan.



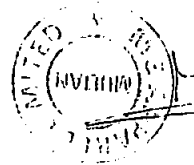
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20240215FGOP01998	Fidelity Guarantee	1-Jul-24	30-Jun-25	5,000,000	On Fidelity Guarantee Insurance of the confirmed employee (Detail as Under) of the Clients (Mahmood Textile Mills Ltd,); Situated at Apparel Unit, Industrial Estate, Multan.
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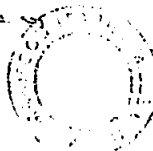


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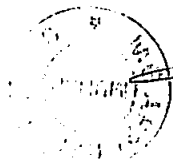
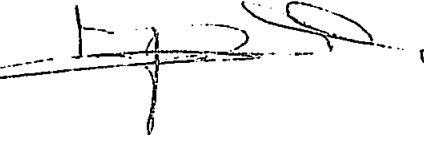
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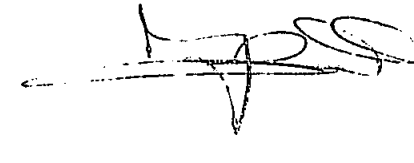

### Schedule III

#### List of Long-Term Loans availed in MTML to be transferred to MGA

Bank	Description	Loan amount	Closing Balance Outstanding
		(PKR)	(PKR)
Askari Bank Limited	Term Loan	26,442,000	21,649,388
Bank Alfalah	Term Loan	1,016,854,894	803,172,873
Bank Al Habib	Term Loan	319,084,400	293,734,000
Habib Bank Limited	Term Loan	404,264,772	328,465,126
Soneri Bank Limited	Term Loan	250,000,000	137,500,000
Bank of Punjab	Term Loan	500,000,000	446,000,000
Total		2,516,646,066	2,030,521,387

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# Schedule IV

## Utility Connections of MTML to be transferred to MGA

Connection Type	Utility Company	Consumer ID	Reference Number	Name	Address
Net Metering Connection Electricity	MEPCO	2150000318 / 15014366087	30 15118 0004301 U	KH. MUHAMMAD YOUNAS	M/S MEHMOOD TEXTILE MILL PLOT # 90 INDUSTRIAL ESTATE, MULTAN
Sui Gas Connection	Sui Northern Gas Pipelines Limited	76831786686	RM02312105	M/S MEHMOOD TEXTILE MILLS LTD	PLOT No 94, 95, 96 INDUSTRIAL ESTATE, MULTAN
Sui Gas Connection	Sui Northern Gas Pipelines Limited	82972099970	SP07464101	M/S MEHMOOD TEXTILE MILLS LTD (STAFF CANTEEN)	PLOT No 94, 95, 96 INDUSTRIAL ESTATE, MULTAN
Sui Gas Connection	Sui Northern Gas Pipelines Limited	54280332948	RM01905259	M/S MEHMOOD TEXTILE MILLS LTD (BOILER)	PLOT No 94, 95, 96 INDUSTRIAL ESTATE, MULTAN



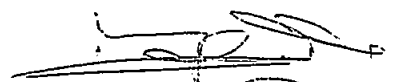
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SCHEDULE V



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Crowe

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S-F Main Market, Gulberg II,  
Lahore-54660 Pakistan  
Main +92-42-3575 223-5  
www.crowe.pk

May 21, 2025

Ref. No. A/25010/25

Company Secretary  
Mahmood Textile Mills Limited  
Mehr Manzil  
Lohari Gate  
Multan

Dear Sir,

AUDITOR'S CERTIFICATE ON THE STATEMENT OF ASSETS AND LIABILITIES AS OF DECEMBER 31, 2024 AS REQUIRED UNDER SUB-CLAUSE (I) OF CLAUSE (II) OF ARTICLE-3 OF THE SCHEME OF ARRANGEMENT BETWEEN MAHMOOD TEXTILE MILLS LIMITED AND ITS MEMBERS AND MG APPAREL LIMITED AND ITS MEMBERS, IN TERMS OF SECTIONS 279 TO 283 AND OTHER ENABLING PROVISIONS OF THE COMPANIES ACT, 2017

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We have been requested by the management of Mahmood Textile Mills Limited (MTML) to provide you with a certificate on the Statement of Assets and Liabilities as of December 31, 2024 ('the Statement') as required under Sub-Clause (i) of Clause (II) of Article-3 of the Scheme of Arrangement between MTML and its members, and MG Apparel Limited (MGA) and its members (in terms of provisions of Sections 279 to 283 and all other enabling provisions of the Companies Act, 2017; hereinafter referred to as the 'Scheme').

#### Scope of the Certificate

Sub-Clause (i) of Clause (II) of Article-3 of the Scheme requires MTML to prepare the Statement, detailing the properties, assets, rights, liabilities, and obligations within the "Transferred Assets and Undertakings" (as defined in the Scheme), as recorded in MTML's books of account as of the "Effective Date" (as defined in the Scheme), and certified by its external auditors. The Statement is based on the 'Reviewed Interim Financial Statements of MTML for the six-month period ended December 31, 2024'. The Statement is compiled with the accounting principles generally accepted in Pakistan and include explanatory notes outlining the assumptions used in identifying the relevant properties, assets, rights, liabilities, and obligations of MTML in relation to the Transferred Assets and Undertakings.

#### Management's Responsibility for the Statement

Management is responsible for preparing the Statement as of December 31, 2024 in compliance with Sub-Clause (i) of Clause (II) of Article-3 of the Scheme. The assumptions applied in determining the properties, assets, rights, liabilities, and obligations of MTML concerning the Transferred Assets and Undertakings represent management's best estimate.

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#### Auditor's Responsibility

Our responsibility is to verify the Statement in accordance with the 'Guidelines for Issue of Certificates for Special Purposes by Practicing Chartered Accountant Firms' issued by the Institute of Chartered Accountants of Pakistan. The verification procedures were based upon the 'Reviewed Interim Financial Statements of MTML for the six-month period ended December 31, 2024', underlying books of accounts for the Transferred Assets and Undertakings and, where applicable, approval of the Board of Directors for the transfer of specific assets. Our verification was limited to the procedures mentioned below:

- a) Obtained a copy of the Scheme duly approved by the Board of Directors of MTML, along with the Statement to review the Transferred Assets and Undertakings and the Retained Assets and Undertakings;
- b) Reviewed that the Statement has been prepared in accordance with the requirements of the Scheme
- c) Reconciled the grand total of the Transferred Assets and Undertakings, Retained Assets and Undertakings and related adjustments with the 'Reviewed Interim Financial Statements of MTML for the six-month period ended December 31, 2024';
- d) Obtained extracts of relevant minutes of meetings of the Board of Directors as made available / shown to us by the management
- e) Obtained management representation letter regarding the accuracy and completeness of the Statement and the related information/records provided to us.

#### Certificate

Based on the procedures mentioned above, we certify that the Statement is properly prepared in accordance with the requirements of Sub-Clause (i) of Clause (II) of Article-3 of the Scheme.

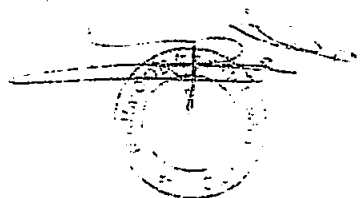
#### Restriction on Use and Distribution

This certificate is issued in relation to Sub-Clause (i) of Clause (II) of Article-3 of the Scheme and is not to be used or distributed for any other purpose. This certificate is restricted to the facts stated herein and the attachments.

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STATEMENT OF ASSETS AND LIABILITIES COMPRISED IN THE TRANSFERRED ASSETS AND UNDERTAKINGS AS REFLECTED IN THE BOOKS OF ACCOUNT OF MTML IMMEDIATELY PRECEDING THE EFFECTIVE DATE

	Ref	December 31, 2024
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment		4,355,358,562
Investment property		-
Intangible assets		-
Investment in Associates		-
Long term deposits		940,000
	A	4,356,298,562
<b>Current assets</b>		
Stores, spares and loose tools		56,233,379
Stock in trade		3,312,517,209
Trade debts		2,755,195,935
Loans and advances		271,009,776
Other receivables		9,586,915
Short term investments		-
Tax refunds due from the Government		-
Cash and bank balances		2,572,076
	B	6,407,115,290
Assets Classified as Held for Sale		-
<b>TOTAL ASSETS</b>	C=A+B	10,763,413,852
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Loans and advances		1,856,508,591
Lease liabilities		-
Deferred tax liability		-
	D	1,856,508,591
<b>Current liabilities</b>		
Trade and other payables		1,627,817,452
Unclaimed dividends		-
Contract liabilities		-
Accrued mark-up		50,000,054
Short term borrowings		3,468,025,138
Current portion of non-current liabilities		174,000,000
Provision for taxation		-
	E	5,319,842,644
<b>Total liabilities</b>	F=D+E	7,176,351,235
<b>Net Assets</b>	G=C-F	3,587,062,617

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Assets Classified as Held for Sale

TOTAL ASSETS

Liabilities

Non-current liabilities

Loans and advances

Lease liabilities

Deferred tax liability

Current liabilities

Trade and other payables

Unclaimed dividends

Contract liabilities

Accrued mark-up

Short term borrowings

Current portion of non-current liabilities

Provision for taxation

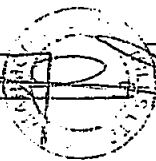
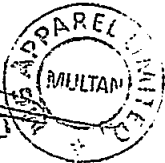
Total liabilities

Net Assets

Chairman

Director

Chief Financial Officer



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MAHMOOD TEXTILE MILLS LIMITED

NOTES TO STATEMENT OF ASSETS AND LIABILITIES COMPRISED IN THE TRANSFERRED ASSETS AND UNDERTAKINGS AS REFLECTED IN THE BOOKS OF ACCOUNT OF MTML IMMEDIATELY PRECEDING THE EFFECTIVE DATE

1. Sub-Clause (i) of (II) of the Article-3 of the Scheme requires MTML to prepare a Statement of Assets and Liabilities (the 'Statement') of the properties, assets, rights, liabilities, and obligations comprised in the Transferred Assets and Undertakings, as recorded in the books of account of MTML as of the Effective Date, based on the 'Independent Auditors' Review Report to The Members of Mahmood Textile Mills Limited on Review of Interim Financial Statements' for the six-month period ended December 31, 2024.

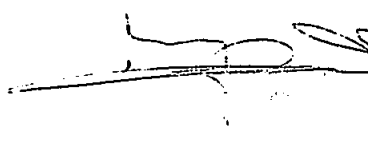
1.1. The Statement has been prepared in accordance with the accounting principles generally accepted in Pakistan. These notes set out the assumptions used in identifying the properties, assets, rights, liabilities, and obligations of MTML relating to the Transferred Assets and Undertakings.

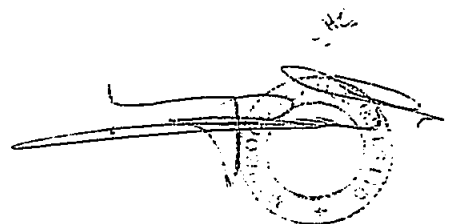
1.2. The Effective Date as per the Scheme is 00:00 hours on January 01, 2025. Since the financial statements of MTML are interim and reviewed, not audited, the Statement reflects the financial position as at December 31, 2024 based on the Independent Auditors' Review Report to The Members of Mahmood Textile Mills Limited on Review of Interim Financial Statements.

1.3. The assets and liabilities comprised in the Transferred Assets and Undertakings and the Retained Assets and Undertakings have been determined as follows:

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Account Head	Basis
<b>ASSETS</b>	
<i>Non-current assets</i>	
Property, plant and equipment	Segment-wise books of Accounts prepared by MTML and Leasehold Land (Refer to Note 1.5 below)
Investment property	Segment-wise book of accounts prepared by MTML
Intangible assets	Segment-wise book of accounts prepared by MTML
Investment in Subsidiary	As per Note 2 below
Investment in Associates	Segment-wise book of accounts prepared by MTML
Long-term deposits	Segment-wise book of accounts prepared by MTML
<i>Current assets</i>	
Stores, spares and loose tools	Segment-wise book of accounts prepared by MTML
Stock in trade	Segment-wise book of accounts prepared by MTML
Trade debts	Segment-wise book of accounts prepared by MTML
Loans and advances	Segment-wise book of accounts prepared by MTML
Other receivables	Segment-wise book of accounts prepared by MTML
Short term investments	Segment-wise book of accounts prepared by MTML
Tax refunds due from the Government	Entitlement to the Tax Refunds
Cash and bank balances	Earning Potential of the Transferred Undertaking and the Retained Undertakings
<i>Other Assets</i>	
Assets Classified as Held for Sale	Segment-wise book of accounts prepared by MTML

  
MAHMOOD TEXTILE MILLS LIMITED

  
MAHMOOD TEXTILE MILLS LIMITED



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**Liabilities**

**Non-current liabilities**

Long term finances  
Lease liabilities  
Deferred tax liability

Segment-wise book of accounts prepared by MTML  
Corresponding Right of Use Asset  
Entitlement / Obligation

**Current liabilities**

Trade and other payables  
Unclaimed dividends  
Contract liabilities  
Accrued mark-up  
Short term borrowings  
Current portion of non-current liabilities  
Provision for taxation

Segment-wise book of accounts prepared by MTML  
Entitlement of the shareholders of MTML  
Segment-wise book of accounts prepared by MTML  
Segment-wise book of accounts prepared by MTML  
Segment-wise book of accounts prepared by MTML  
Segment-wise book of accounts prepared by MTML  
Taxable profits and liabilities attributable to the undertaking

**1.4. As per Schedule I to the scheme:**

Pursuant to the scheme of arrangement between MTML and MG Apparel Limited which has been approved by the Board of Directors, lease hold land has been transferred to the MG Apparel Limited, considering its intended use and strategic alignment with the resulting company's operations.

**1.5. Reconciliation of net assets transferred to MG Apparel Limited as at December 31, 2024:**

	Ref	December 31, 2024
Apparel Undertaking Assets as per Reviewed SOFP	A	10,259,865,776
Apparel Undertaking Liabilities as per Reviewed SOFP	B	7,176,351,235
Apparel Undertaking Net Assets as per Reviewed SOFP	C=A-B	3,083,514,541
Reconciliation:		
Adjustments in Assets		
Cash and Bank Balance (allocated to Apparel Undertaking)		2,572,076
Leasehold Land Transferred with the Approval of Board of Directors		500,976,000
Total Adjustment in Assets	D	503,548,076
Adjustments in Liabilities	E	-
Net Increase/(Decrease) in net Assets	F=D-E	503,548,076
Adjusted Net Assets	G=C+F	3,587,062,617
Net Assets Transferred	H	3,587,062,617
Unreconciled Amount	I=G-H	0

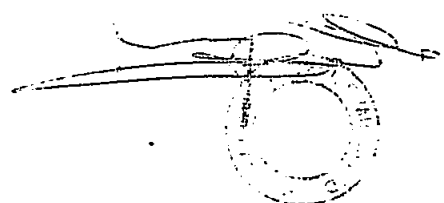
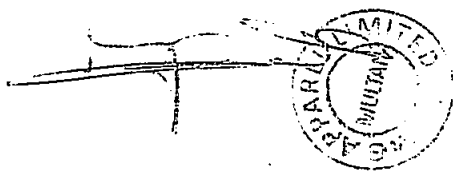
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2. As per clause 2 of the Article – 4 of the scheme:

2.1. The Net Assets Value (NAV) of the Transferred Assets and Undertaking, including Leasehold Land, amounts to Rs. 3,587,062,617 as of December 31, 2024. In accordance with the Scheme, MGA shall issue 30,000,000 fully paid-up ordinary shares of Rs. 10 each to MTML as consideration, at an agreed value of Rs. 87.985 per share (inclusive of a share premium of Rs. 77.985 per share). This will result in an increase in share capital of Rs. 300,000,000 and share premium of Rs. 2,359,559,771. The remaining balance of Rs. 947,502,846, representing the revaluation surplus on Property, Plant, and Equipment transferred to MGA, shall be recorded as a separate component of Equity in MGA's financial statements pursuant to the transfer.

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Chairman

Director

Chief Financial Officer

MAHMOOD TEXTILE MILLS LIMITED  
STATEMENT OF FINANCIAL POSITION AFTER TRANSFER OF ASSETS AND LIABILITIES PERTAINING TO APPAREL UNDERTAKING  
Effective Date January 01, 2025

	Balance as per Reviewed statement of financial position as at 31 December 2024	Transferred Asset and Liabilities Pertaining to Apparel Undertaking Under the Scheme	Adjusted Statement of Financial Position of M/TML after Transfer
ASSETS			
Non-current assets			
Property, plant and equipment	21,452,582,525	(4,355,358,562)	17,097,223,964
Investment property	174,038,000	-	174,038,000
Intangible assets	60,181,011	-	60,181,011
Investment in Subsidiary	2,639,569,771	-	2,639,569,771
Investment in Associates	2,114,302,720	-	2,114,302,720
Long term deposits	53,854,135	-	53,854,135
	23,922,691,035	(4,355,358,562)	22,205,962,244
Current assets			
Stores, spares and loose tools	716,324,425	(56,233,379)	660,091,046
Stock in trade	4,465,223,827	(3,312,517,209)	17,372,706,618
Trade debts	8,973,256,073	(2,755,195,935)	6,218,060,138
Loans and advances	1,334,559,767	(271,009,776)	1,063,549,991
Other receivables	536,967,479	(9,586,915)	527,380,564
Short term investments	32,060,791	-	32,060,791
Tax refunds due from the government	1,114,302,720	-	1,114,302,720
Cash and bank balances	67,290,015	(10,000)	64,707,939
	33,459,985,597	(6,407,115,290)	27,052,860,307
Assets Classified as Held for Sale	2,019,738,143	-	2,019,738,143
TOTAL ASSETS	59,402,414,775	(10,763,413,852)	53,278,560,664

Chairman

Director

Chief Financial Officer

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**EQUITY AND LIABILITIES**

**Equity**

Authorized share capital  
50,000,000 ordinary shares of Rs.10 e.  
Issued, subscribed and paid-up share capital  
**Capital reserves:**  
Capital reserve  
Equity  
Reserves  
Revaluation surplus on property, plant and equipment

**Total Equity**

**Liabilities**

**Non-current liabilities**

Long term finances  
Lease liabilities  
Deferred tax liability

**Current liabilities**

Trade and other payables  
Due to related party  
Unclaimed dividends  
Contract liabilities  
Accrued mark-up  
Short term borrowings  
Current portion of non-current liabilities  
Provision for taxation

**Total liabilities**

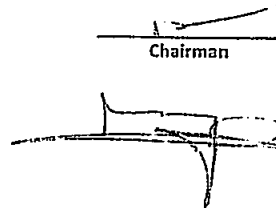

**TOTAL EQUITY AND LIABILITIES**

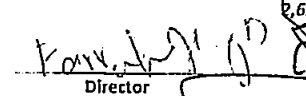

<u>Ref</u>	<u>Balance as per Reviewed statement of financial position as at 31 December 2024</u>	<u>Transferred Asset and Liabilities Pertaining to Apparel Undertaking as per proposed Reconstruction</u>	<u>Adjustments to be incorporated upon proposed Reconstruction</u>	<u>Adjusted Statement of Financial Position of MTML after Proposed Reconstruction</u>
	500,000,000	-	-	500,000,000
	300,000,000	-	-	300,000,000
	-	-	-	-
	-	-	-	-
	11,884,466,130	-	-	11,884,466,130
	5,561,797,842	(947,502,846)	-	4,614,294,996
	17,746,263,972	(947,502,846)	-	16,798,761,126
	9,320,501,318	(1,856,508,591)	-	7,463,992,727
	15,037,331	-	-	15,037,331
	707,303,556	-	-	707,303,556
	10,042,842,205	(1,856,508,591)	-	8,186,333,614
	7,282,295,131	(1,627,817,452)	-	5,654,477,679
	-	-	-	-
	3,680,032	-	-	3,680,032
	284,838,976	-	-	284,838,976
	837,647,143	(50,000,054)	-	787,647,089
	19,693,748,125	(3,468,025,138)	-	16,225,722,987
	2,036,203,300	(174,000,000)	-	1,862,203,300
	1,474,895,891	-	-	1,474,895,891
	31,613,308,598	(5,319,842,644)	-	26,293,465,954
	41,656,150,803	(7,176,351,235)	-	34,479,799,568
	59,402,414,775	(8,123,854,081)	-	51,278,560,694
		(2,639,559,771)		

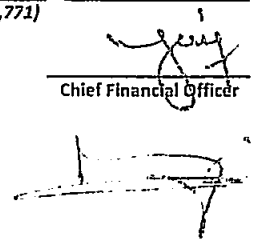
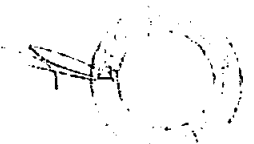
Chairman

Director

Chief Financial Officer

  
  
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MULTAN BENCH MULTAN

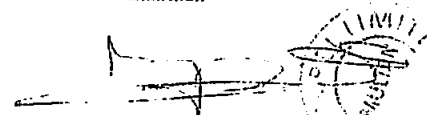

  


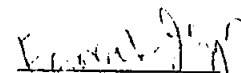
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**References**

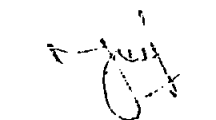
- A) This includes a lease-hold land amounting to Rs. 500,976,000, transferred with the approval of Board of Directors
- B) This reflects MTML's net investment in the equity of MG Apparel Limited
- C) This reflects the consideration paid to previous shareholders of MG Apparel Limited to acquire 100% controlling interest on 01 March 2025
- D) This reflects the revaluation surplus on land and building transferred to the Apparel Undertaking of MTML

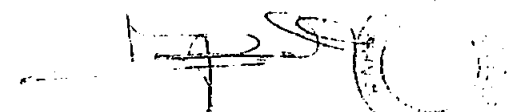

  
Chairman

  
Director

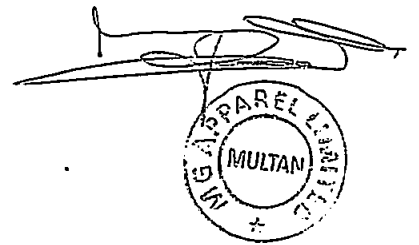
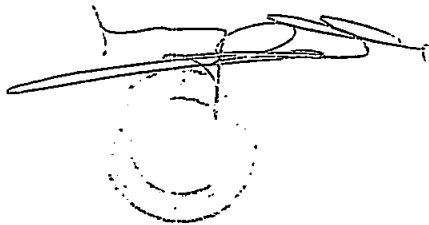
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Chief Financial Officer

SCHEDULE VI

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The Chief Executive,  
Mahmood Textile Mills Limited,  
Mehr Manzil, Lohari Gate,  
Multan

Dear Sir,

As agreed with management, we have conducted an independent valuation regarding the demerger of the Apparel Segment of Mahmood Textile Mills Limited (MTML) for its subsequent merger into MG Apparel Limited (MGAL), a wholly owned subsidiary. The valuation is undertaken in connection with the Scheme of Arrangement, which is subject to the approval by Honorable Lahore High Court (LHC).

The purpose of this certificate is to determine the valuation of net assets of Apparel Segment of MTML and corresponding number of shares to be issued by MGAL to MTML as a consideration against the proposed transfer of net assets including assets, liabilities and reserves.

The management of MTML has acknowledged that the valuation methodology adopted for this transaction is appropriate for the determination of the net assets being transferred. It is the management's responsibility to ensure the completeness, accuracy and reliability of the financial information provided for this engagement, including the interim reviewed financial statements relied upon in this valuation.

Our firm has undertaken this engagement in accordance with applicable valuation principles and professional standards. Our role is limited to performing the valuation based on the Net Book Value Method on the basis of audited / reviewed financial statements provided to us. We make no representation regarding the appropriateness of the demerger structure beyond the valuation assessment.

The valuation is based on MTML interim reviewed financial statements and the Audited Financial Statements of MGAL as of December 31, 2024, and the effective date of the demerger is January 1, 2025. The following details have been determined:

Net assets value of Apparel Segment of MTML:	PKR 3,587,062,617 (Annexure A)
Net Assets Value of MG Apparel Limited	PKR 10,000 (Annexure C)



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SHINEWING HAMEED CHAUDHRI & CO.

CHARTERED ACCOUNTANTS

### Determination of share issuance against net assets of Apparel Segment

The value of the Apparel Segment of MTML has been determined based on its net assets value provided to us by the management. Corresponding to this valuation, MG Apparel Limited shall issue shares as consideration for the transfer. The details are as follows:

Name of Demerged Segment	Apparel
Transferee Company	MG Apparel Limited
Nature of Consideration	Net Assets Transferred Against Shares
Total Net Assets Transferred (PKR)	3,587,062,617
Total Number of Shares to be Issued (Number)	30,000,000
Breakup Value per Share (PKR)	119.57
Total Value of Shares Issued (PKR)	30,000,000
Face Value per Share of MG Apparel Limited (PKR)	10.00
Net Assets represented by:	
Increase in Share Capital (PKR)	300,000,000
Share Premium (PKR)	2,339,559,771
Revaluation surplus on property, plant and equipment (PKR)	947,502,846

### Reliance on Financial Information

This valuation is based on financial and other information provided by the management of MTML. We have relied on the reviewed interim financial statements of MTML and audited financial statements of MGAL as of December 31, 2024, as well as management's representations regarding the segment wise net assets of Apparel segment, reconciliation of balances between the segment reporting in the financial statements and the figures designated for transfer to MGAL.

A reconciliation of the net assets to be transferred has been prepared to reflect these adjustments, as provided by the management, and is included in the annexure to this report (Annexure B). We have relied upon the accuracy and completeness of this reconciliation, along with management's representations regarding the allocation methodology and adjustments made to determine the final figures.

### Caveats

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MILITARY BENEFIT

This certificate has been prepared on the specific request of management for filing of Scheme of Arrangement before the LHC and submission to the Securities and Exchange Commission of Pakistan (SECP). This valuation engagement is not an assurance engagement, and accordingly, we do not express an audit opinion or an assurance conclusion thereon. Had we performed additional procedures beyond those agreed with the management, additional matters might have come to our attention requiring further reporting.

- This certificate should not be distributed to any third party except for the specified regulatory submissions, unless prior written consent is obtained.
- The information contained in this certificate is based on the proposed scheme of arrangement approved by the Board of Directors of MTML and is subject to the approval by LHC.
- The information contained in this certificate is obtained from the management and we are not responsible for the accuracy and reliability of the figures provided by the management.

Yours truly,

SHINEWING HAMEED CHAUDHRI & CO.

SHINEWING HAMEED CHAUDHRI & CO.



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Annexure A

Condensed Statement of Financial Position (SOFP) of Apparel Division of Mahmood Textile Mill Limited as on December 31, 2024, for the proposed Asset-for-Equity Transfer with MG Apparel Limited

Reserves, Liabilities  
and Assets to be  
transferred to MG  
Apparel Limited  
upon proposed  
reconstruction  
Rupees

ASSETS

Non-current assets

Property, plant and equipment

Long term deposits

4,355,358,562

940,000

A

4,356,298,562

Current assets

Stores, spares and loose tools

Stock in trade

Trade debts

Loans and advances

Other receivables

Cash and bank balances

56,233,379

3,312,517,200

2,755,195,935

271,009,776

9,586,915

2,572,076

B

6,407,115,290

TOTAL ASSETS

C=A+B

10,763,413,852

Liabilities

Non-current liabilities

Long term financing

1,856,508,591

D

1,856,508,591

Current liabilities

Trade and other payables

Accrued mark-up

Short term borrowings

Current maturity of long term liabilities

1,627,817,452

50,000,054

3,468,025,138

174,000,000

E

5,319,842,644

Total liabilities

F=D+E

7,176,351,235

Net Assets

G=C-F

3,587,062,617

Total Existing Number of Shares of MTML

H

30,000,000

Break-up Value per share as at December 31, 2024

I=G/H

119.57

of Apparel Undertaking of MTML

Number of Shares to be issued by

J=G/I

30,000,000

MG Apparel Limited to MTML

J

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Face Value per share

Net Assets Represented by:

Increase in Share Capital

Revaluation surplus on property, plant and

Share Premium

K=H\*J

300,000,000

L

947,502,846

M=G-K-L

2,339,559,771

3,587,062,617

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MULTAN BENCH MULTAN

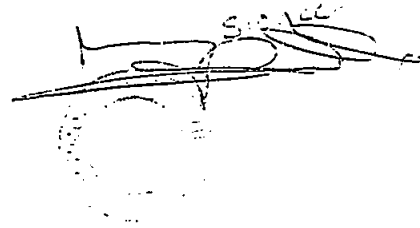
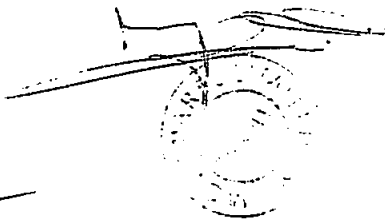
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Annexure B

Reconciliation of net assets being transferred to MG Apparel Limited as at 31 December 2024

		Rupees
Apparel (Segment) Assets as per Reviewed SOFP	A	10,259,865,776
Apparel (Segment) Liabilities as per Reviewed SOFP	B	7,176,351,235
Apparel (Segment) Net Assets as per Reviewed SOFP	C=A-B	3,083,514,541
<b>Reconciliation</b>		
<b>Adjustments in Assets:</b>		
Cash and Bank Balance (Allocated to Apparel segment)		2,572,076
Leasehold Land Transferred pursuant to Approval of Board		500,976,000
Total Adjustment in Assets	D	503,548,076
<b>Adjustments in Liabilities</b>		
	E	-
Net increase / (decrease) in Net Assets	F=D-E	503,548,076
Adjusted Net Assets	G=C+F	3,587,062,617
Less:		
Net Assets transferred	H	3,587,062,617
Unreconciled Amount (if any)	I=G-H	-

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MULTAN BENCH MULTAN



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Annexure C

Condensed Statement of Financial Position of MG Apparel Limited as at December 31, 2024

Rupees

Equity & Liabilities

Share Capital and Reserves

Authorized Share Capital

1,000,000 ordinary shares of Rs 10 each

10,000,000

Issues Subscribed and paid-up capital

1,000 ordinary shares of Rs 10 each

fully paid in cash

10,000

Total Equity and Liabilities

10,000

Assets

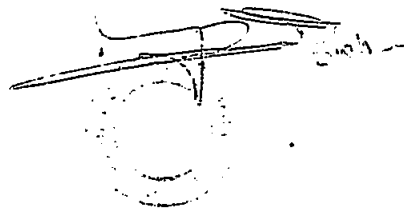
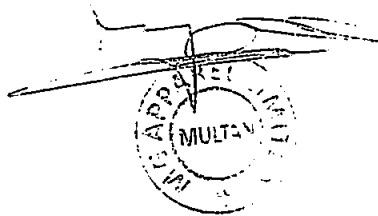
Current Assets

Cash and Bank Balance

10,000

Total Assets

10,000



Application No. 27744

Date of presentation 25/11/25

of Application

Date of Receipt of fee

No. of Words/Pages 304

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