First Prudential Modaraba

Ref: AMML/PSX/2022
04 April, 2022

Mr. Wasim A. Sattar,
Senior Manager-Listing Department,
Pakistan Stock Exchange Limited
Stock Exchange Building, Stock Exchange Road , Karachi

SUBJECT: Disclosure of Material Information – Merger of KASB Modaraba and First Pak Modaraba with and into First Prudential Modaraba

Dear Sir,

Please refer your letter No: C-647-594 on the subject, we are enclosing the following documents as required:-

1. Draft Scheme of Arrangement for merger of KASB Modaraba and First Pak Modaraba with and into First Prudential Modaraba duly approved by the Board of Directors subject to the approval of the High Court of Sindh.

2. Auditors' certificate for Swap Ratio of the proposed merger.

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

Yours Sincerely,

Misbah Asjad
Company Secretary

Copy To:

1. **The Executive Director/HOD, ,Offsite-II Department, ,Supervision Divisio**n,
   Securities & Exchange Commission of Pakistan, 63, NIC Building, Jinnah Avenue, Islamabad
2. **The Director, Securities Market Division,**
   Securities & Exchange Commission of Pakistan, 63, NIC Building, Jinnah Avenue, Islamabad
3. **The Registrar Modaraba Companies & Modaraba,**
   Securities & Exchange Commission of Pakistan, 63, NIC Building, Jinnah Avenue, Islamabad

SCHEME OF ARRANGEMENT

UNDER SECTION 279 TO 283 AND 285 (if applicable) OF THE COMPANIES ACT, 2017

FOR

AMALGAMATION

OF

1) M/S. KASB MODARABA

AND

2) M/S. FIRST PAK MODARABA

WITH AND INTO

M/S. FIRST PRUDENTIAL MODARABA

(MANAGED BY M/S. AWWAL MODARABA MANAGEMENT LIMITED)

DRAFTED BY:

S & B Durrani Law Associates
House No.5-A/II/II, Phase-II-Ext.,
Sunset Lane, DHA, Karachi.
ContactsNos.35874083-84-03212433780-1
Email:durranilawassociates@hotmail.com

SCHEME OF ARRANGEMENT

UNDER SECTIONS 279, 280, 281, 282, 283 and 285 (if applicable) READ WITH SECTION 505 AND SRO 840(I) OF AUGUST 17, 2017 OF THE COMPANIES ACT XIX of 2017 (Hereinafter referred to as the "ACT")

ENTERED INTO BY AND BETWEEN

1) **M/s. Awwal Modaraba Management Limited**, a licensed Modaraba Management Company incorporated and functioning under the laws of Pakistan, having its Head Office at 3rd Floor, Horizon Vista, Plot No. Commercial - 10, Block No. 4, Scheme No.5, Clifton, Karachi, being duly appointed Management Company of Modarabas namely KASB Modaraba, First Pak Modaraba and First Prudential Modaraba (Hereinafter called **"AMML"**, which expression shall, unless it be repugnant to the subject or context thereof, include its successors and assigns) of the FIRST PART;

2) **M/s. KASB Modaraba**, a Modaraba institution incorporated and functioning under the laws of Pakistan, having its Head Office at 3rd Floor, Horizon Vista, Plot No. Commercial - 10, Block No. 4, Scheme No.5, Clifton, Karachi, (hereinafter called **"KASB"**, which expression shall, unless it be repugnant to the subject or context thereof, include its successors and assigns) of the SECOND PART;

3) **M/s. First Pak Modaraba**, a Modaraba institution incorporated and functioning under the laws of Pakistan, having its Head Office at 3rd Floor, Horizon Vista, Plot No. Commercial - 10, Block No. 4, Scheme No.5, Clifton, Karachi, (hereinafter called **"FPM/First Pak"**, which expression shall, unless it be repugnant to the subject or context thereof, include its successors and assigns) of the THIRD PART;

4) **M/s. First Prudential Modaraba**, a Modaraba institution incorporated and functioning under the laws of Pakistan, having its Head Office at 3rd Floor, Horizon Vista, Plot No. Commercial - 10, Block No. 4, Scheme No.5, Clifton, Karachi, (hereinafter called **"FPRM/First Prudential"**, which expression shall, unless it be repugnant to the subject or context thereof, include its successors and assigns) of the FOURTH PART;

*(The KASB, FPM & FPRM may collectively hereinafter referred to as "**Modarabas**" whereas the AMML may be referred to as **"Management Company"** and each party collectively may be referred to as **"Parties"**);*

RECITALS

WHEREAS it is proposed that the entire undertaking comprising of all of the Assets, Liabilities and Obligations (as hereinafter defined) of KASB & FPM at the Effective Date (as hereinafter defined) shall stand merged, transferred to and be vested in and assumed by FPRM and KASB & FPM shall be dissolved without winding-up in the manner stated in the Scheme of Amalgamation (as hereinafter defined). As consideration of the above, FPRM Modaraba Certificates shall be issued to the Certificate Holders of KASB & FPM;

AND WHEREAS as on the Effective Date, AMML will have the absolute and sole rights to manage and FPRM will carry out the business of post merged amalgamated Modaraba being First Prudential Modaraba;

AND WHEREAS the Registrar Modarabas, Securities and Exchange Commission of Pakistan and other requisite functionaries & authorities have granted approval for the proposed Amalgamation of KASB & FPM with and into FPRM;

AND WHEREAS this Scheme if sanctioned by the Hon'ble Court by an order passed in this behalf, is to be binding on KASB, FPM & FPRM as well as Certificate Holders and Creditors of KASB, FPM and FPRM;

OBJECTIVES OF THIS SCHEME

The principal object of this Scheme of Arrangement is to give effect to the following:

(i) Amalgamate KASB with and into FPRM by transferring to, merging with and vesting in FPRM the whole of KASB, including all Assets, Liabilities and Obligations of KASB, as of the Effective Date, against the allotment and issue of FPRM Modaraba Certificates to the Certificate Holders of KASB based on the Swap Ratio as mentioned in the Swap Report, and merging/dissolving KASB without winding-up;

(ii) Simultaneously, amalgamate FPM with and into FPRM by transferring to, merging with and vesting in FPRM the whole of FPM, including all Assets, Liabilities and Obligations of FPM, as of the Effective Date, against the allotment and issue of FPRM Modaraba Certificates to the Certificate Holders of FPM based on the Swap Ratio as mentioned in the Swap Report, and merging/dissolving FPM without winding-up;

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

BENEFITS OF THIS SCHEME

Larger Equity Base

The Amalgamation of Modarabas would lead to increased asset base and size as well as improved strength of the merged entity. This would in turn assist the management to have increased access to external funds at competitive rates. Increased size of fund capital and asset base would also provide greater comfort to existing and future Certificate Holders and Creditors. Access to larger resources would also improve future growth prospects of the merged entity and the management's ability to undertake large assignments.

Synergies

All these Modarabas are multipurpose Modarabas primarily having identical lines of business. The Amalgamation would give an opportunity to operate the business of these Modarabas through singular unified departments which are operating separately in these Modarabas, thus resulting in economies of scales and improved utilization of human resources.

Increase in Risk Absorption Capacity

The larger equity base of the merged/amalgamated Modarabas would increase its risk absorption capacity thus an increased and improved capacity to manage the potential risks arising out of any adverse and uncertain operating environment. In the long run this factor would provide greater stability as well as sustainability in operations.

Reduction in Administrative Costs

The Amalgamation would enable the merged entity to consolidate its operations in order to carry out its business through singular operations managing various departments with sole set of management and staff, thus resulting in substantial cost savings and economies of scale leading to enhanced profitability.

Single Corporate and Tax Reporting

The Amalgamation will make single corporate and tax reporting possible for the merged/amalgamated Modarabas. It will entail elimination of maintenance of separate records for business operations, marketing, legal, administrative, secretarial and other records under the various laws resulting in duplication of work and higher costs of human resource and operations.

NOW THEREFORE, this Scheme is presented as follows:

ARTICLE 1

DEFINITIONS

Unless the context requires otherwise, all capitalized terms in this Scheme of Arrangement shall have the meanings assigned to them below:

1.01 **"Act"** is defined in the preamble.

1.02 **"Amalgamation"** is defined in Section 4.01.

1.03 **"Annexure A"** is the annexure attached hereto that lists the name of each of the members of Board of Directors of AMML.

1.04 **"Annexure B"** is the annexure attached hereto that contains the Special Purpose audited accounts of KASB for the half year ended December 31, 2021.

1.05 **"Annexure C"** is the annexure attached hereto that contains the Special Purpose audited accounts of First Pak for the half year ended December 31, 2021.

1.06 **"Annexure D"** is the annexure attached hereto that contains the Special Purpose audited accounts of First Prudential for the half year ended December 31, 2021.

1.07 **"Annexure E"** is the annexure attached hereto that lists the particulars of each of Creditors/Certificate Holders of KASB.

1.08 **"Annexure F"** is the annexure attached hereto that lists the particulars of each of Creditors/Certificate Holders of First Pak.

1.09 **"Annexure G"** is the annexure attached hereto that lists the particulars of each of Creditors/Certificate Holders of First Prudential.

1.10 **"Annexure H"** is the annexure attached hereto that contains the Swap Report.

1.11 **"Assets"** mean assets, properties and rights of every description and kind (whether present or future, actual or contingent, tangible or intangible) and includes properties held on trust and benefit of securities obtained from Customers, benefits, powers, rights, authorities, privileges, contracts, Government consents, sanctions and authorizations, including all registrations, licenses, permits, categories, entitlements, sanctions, permissions and benefits relating to the business, all trademarks, patents, copyrights, licenses, liberties, secret processes, know-how and confidential information. Without in any way limiting or prejudicing the generality of the foregoing, Assets shall include: **(a)** all properties, immovable and movable, real, Corporeal or incorporeal, in possession or reversion, present or contingent of whatsoever nature and whosesoever's situated belonging to Modarabas; **(b)** all chooses-in-action, instruments, decretal amounts, bank and other accounts, cash balances, lease receivables, reserve funds, revenue balances, investments, loans, advances, guarantees, deposits, prepayments, receivables, book debts, trade debts and all other rights and interest in and arising out of such property in the ownership, possession, power or control of Modarabas, whether legal or beneficial, whether within or out of Pakistan, and all books of accounts, registers, records and all other documents of whatever nature relating thereto; **(c)** all the connections and facilities for telecommunications, electricity and other installations, owned by, leased or licensed to Modarabas; **(d)** the Contingent Claims and proceeds realized from the Liquidation of the Contingent Claims.

1.12 **"AMML"** is defined in the Preamble.

1.13 **"KASB"** is defined in the Preamble.

1.14 **"First Pak"** is defined in the Preamble.

1.15 **"First Prudential"** is defined in the Preamble.

1.16 **"Modaraba Certificate"** means as defined in the Modaraba Ordinance;

1.17 **"Certificate Holders"** mean holders of Modaraba Certificates as defined in the Modaraba Ordinance.

1.18 **"Certificate Holders of KASB"** mean the persons that are the registered Modaraba Certificate Holders of KASB.

1.19 **"Certificate Holders of First Pak"** mean the persons that are the registered Modaraba Certificate Holders of First Pak.

1.20 **"Certificate Holders of First Prudential"** mean the persons that are the registered Modaraba Certificate Holders of First Prudential.

1.21 **"Claim"** means claim, counter-claim, demand or cause of action and includes a Contingent Claim.

1.22 **"Contingent Claims"** means any potential Claim that the Modarabas may have against any person prior to the Effective Date which may not be disclosed or reflected as part of their Assets on their books or records.

1.23 **"Contract"** means any contract including Ijarah, Musharika and Morabaha, other agreement/contract(s), deed(s), instrument(s), letter(s) or undertaking(s) of every description whatsoever, creating any obligations enforceable against the parties.

1.24 **"Court"** means the High Court of Sindh at Karachi.

1.25 **"Customer"** means any person having entered into a transaction, arrangement or other dealing with KASB, First Pak & First Prudential.

1.26 **"Effective Date"** is defined in Article 5 of this Scheme.

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

1.28 **"Liabilities and/or Obligations"** includes all borrowings, liabilities, duties, commitments and obligations of every description (whether present or future, actual or contingent) arising out of any Contract or otherwise whatsoever and the term "Liabilities" and/or "Obligations" are used interchangeably and/or in conjunction with each other.

1.29 **"Liquidation"** means the release, compromise, satisfaction, settlement or reduction to judgment of any Claim by a competent court of law.

1.30 **"Modaraba Ordinance"** means the Modaraba Companies and Modaraba (Floatation & Control) Ordinance, 1980.

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KASB Modaraba

First Prudential Modaraba Head Office Karachi

First PAK Modaraba Head Office Karachi

1.31 **"Registrar"** means the Registrar appointed under section 3 of the Modaraba Ordinance.

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

1.33 **"Security"** or **"Securities"** means interest, right or title in and to any and all mortgages, pledges or charges (whether legal, registered or equitable), debentures, bill of exchange, promissory note, guarantees, lien (Whether the actual or constructive), hypothecation, assignment by way of security, right of set-off, undertaking or other means of securing payment or discharge of any liabilities and obligations.

1.34 **"Swap Report"** means the documents dated March 08, 2022, issued by Crowe Hussain Chaudhury & Co. Chartered Accountants (a member of Crowe Global), attached hereto as Annexure H, containing, inter alia, the Swap ratios.

ARTICLE 2
THE CAPITAL

2.01 Capital of KASB:

The authorized Modaraba certificate capital of KASB is Rs. 500,000,000/- (Rupees Five Hundred Million Only) divided into 50,000,000 (Fifty Million) Modaraba Certificates of Rs. 10/- (Rupees Ten Only) each, out of which, 48,066,480 (Forty Eight Million Sixty Six Thousand Four Hundred and Eighty) Modaraba Certificates of Rs. 10/- (Rupees Ten Only) each are currently issued and fully paid up and remaining are un-issued.

2.02 Capital of First Pak:

The authorized Modaraba certificate capital of First Pak is Rs. 150,000,000/- (Rupees One Hundred and Fifty Million Only) divided into 15,000,000 (Fifteen Million) Modaraba certificates of Rs.10/- (Rupees Ten Only) each, out of which, 12,540,000 (Twelve Million Five Hundred and Forty Thousand) Modaraba Certificates of Rs.10/- (Rupees Ten Only) each are currently issued and fully paid up and remaining are un-issued.

2.03 Capital of First Prudential:

The authorized Modaraba certificate capital of FPRM is Rs. 872,176,600/- (Rupees Eight Hundred Seventy Two Million One Hundred Seventy Six Thousand and Six Hundred Only) divided into 87,217,660 (Eighty Seven Million Two Hundred Seventeen Thousand Six Hundred and Sixty) Modaraba Certificates of Rs.10/- (Rupees Ten Only) each, out of which, 87,217,660 (Eighty Seven Million Two Hundred Seventeen Thousand Six Hundred and Sixty) Modaraba certificates of Rs.10/- (Rupees Ten Only) each are currently issued and fully paid up.

2.04 Authorized Share Capital after Merger:

Consequent upon the Scheme becoming effective, the authorized Modaraba certificate capital of KASB of Rs. 500,000,000/- (Rupees Five Hundred Million Only) and the authorized Modaraba certificate capital of First Pak of Rs. 150,000,000/-, ,(Rupees One Hundred and Fifty Million Only), shall stand merged and combined with the authorized Modaraba certificate capital of First Prudential of Rs. 872,176,600/- (Rupees Eight Hundred Seventy Two Million One Hundred Seventy Six Thousand and Six Hundred Only). Consequently, the merged authorized Modaraba certificate capital of First Prudential shall stand increased to Rs. 1,522,176,600/- (Rupees One Billion Five Hundred Twenty Two Million One Hundred Seventy Six Thousand and Six Hundred Only) divided into 152,217,660 (One Hundred Fifty Two Million Two Hundred Seventeen Thousand Six Hundred and Sixty) Modaraba Certificates of Rs. 10/- (Rupees Ten Only) each.

Consequent upon the Scheme becoming effective, the issued, subscribed and paid up Modaraba certificate capital of KASB of Rs. 480,664,800/- (Rupees Four Hundred Eighty Million Six Hundred Sixty Four Thousand and Eight Hundred Only), and First Pak of Rs. 125,400,000/- (Rupees One Hundred Twenty Five Million and Four Hundred Thousand Only) shall stand merged and combined with the currently issued, subscribed and paid up Modaraba certificate capital of First Prudential of Rs. 872,176,600/- (Rupees Eight Hundred Seventy Two Million One Hundred Seventy Six Thousand and Six Hundred Only) and which shall consequently stand increased to Rs. 1,293,916,760/- (Rupees One Billion Two Hundred and Ninety Three Million Nine Hundred and Sixteen Thousand Seven Hundred and Sixty Only) divided into 129,391,676 (One Hundred Twenty Nine Million Three Hundred and Ninety One Thousand Six Hundred and Seventy Six) Modaraba Certificates of Rs. 10/- (Rupees Ten Only) each calculated at a swap ratio of 1.00 : 1.62 for KASB and 1.00 : 0.997 for First Pak where such swap ratio is calculated on the basis of the Special Purpose audited accounts for the half year ended December 31, 2021.

ARTICLE 3
DIRECTORS

3.01 Directors of AMML managing KASB, First Pak & First Prudential

The present directors are as listed in Annexure - A.

3.02 Interest of the Directors

All the directors have interest in the Amalgamation to the extent of their respective certificate holdings in the Modarabas. The effect of the Scheme on the interest of these directors does not differ from respective interest of other Certificate Holders of the Modarabas.

The directors are also interested to the extent of remuneration and fringe benefits as per the policies of Modarabas.

ARTICLE 4
THE AMALGAMATION

4.01 General Description

a) At the Effective Date, KASB & First Pak, as a going concern, shall be amalgamated with and vest in First Prudential upon the terms and conditions set forth in this Scheme (the "Amalgamation") and the post amalgamated Modarabas shall retain the name/become First Prudential Modaraba;

b) AMML, which is the current management company of these Modarabas, shall remain the management company for the post-merger amalgamated Modarabas;

c) First Prudential shall be able to carry out all the business of merged/amalgamated Modarabas and shall be entitled to all the rights and the benefits thereof;

d) KASB & First Pak shall stand merged/dissolved, without winding up, on the date on which the Modaraba Certificates of First Prudential are allotted to the Certificates Holders of KASB and First Pak or on such later date as the Court by order may prescribe.

4.02 Transfer of the Assets:

At the Effective Date, all the Assets of KASB & First Pak shall immediately without any conveyance, addendum, novation or transfer and without any further act or deed be vested in and become the undertaking and Assets of First Prudential, which shall have, hold and enjoy the same in its own right as fully as the same were possessed, held and enjoyed by KASB & First Pak prior to the Amalgamation but transfer of the Assets shall be subject to all mortgages, pledges, liens, charges or other encumbrances subsisting thereon (if any).

4.03 Transfer of Liabilities and Obligations:

At the Effective Date, all the Liabilities and Obligations of KASB & First Pak shall immediately and without any further act or deed be assumed by and become the Liabilities and Obligations of First Prudential, which shall pay, undertake, satisfy, discharge and perform, when due, all of the Liabilities and Obligations.

4.04 First Prudential's right to Execute Deeds:

Deeds, assignments or similar instruments to evidence the aforesaid transfer of Assets and/or assumption of Liabilities may, if required, at any time be executed by officers of First Prudential authorized in this regard.

4.05 References to Assets and Liabilities and Obligations:

Any reference in this Scheme to Assets or Liabilities and Obligations of Modarabas is a reference to Assets or Liabilities and Obligations to which Modarabas are for the time being entitled or subject to (whether beneficially or in any fiduciary capacity) immediately preceding the Effective Date, wherever such Assets or Liabilities are situated or arise and whether or not capable of being transferred or assigned to or by Modarabas under any applicable law or instrument.

4.06 Assets held in Trust, etc.:

Any Asset vested in KASB & First Pak which immediately before the Effective Date was held by KASB & First Pak as trustees or custodian in the form of any trust deed, settlement, covenant, agreement or will or as executor of the will, or administrator of the estate, of a deceased person or as judicial trustee appointed by order of any court, or in any other fiduciary capacity, shall, on and from the Effective Date, be

held by First Prudential in the same capacity upon the trusts, subject to the powers, provisions and Liabilities applicable thereto.

4.07 Contracts:

Every Contract to which KASB & First Pak respectively is the party shall have effect on and from the Effective Date as if:

a) First Prudential had been a party thereto instead of KASB & First Pak; and
b) For any reference (however worded and whether express or implied) to KASB & First Pak therein shall stand substituted, as respects anything falling to be done on or after the Effective Date, to a reference to First Prudential.

4.08 Bank Accounts:

Any account/s maintained by KASB & First Pak with any Bank or Financial Institution shall, at the Effective Date, become account(s) between First Prudential and such Bank or Financial Institution, subject to the same conditions and incidents as therefore; provided that nothing herein shall affect any right of First Prudential to vary the conditions or incidents subject to which any account is kept.

4.09 Instructions:

Any existing instruction, order, direction, mandate; power of attorney, authority, undertaking or consent given to KASB & First Pak in writing (whether or not in relation to an account) shall have effect, on and from the Effective Date, as if given to First Prudential.

4.10 Negotiable Instruments:

Any negotiable instrument or order for payment of money drawn on or given to, or accepted or endorsed by KASB & First Pak, or payable at any place of business of KASB & First Pak, whether so drawn, given, accepted or endorsed before, on or after the Effective Date, shall have the same effect on and from the Effective Date, as if it had been drawn on, or given to, or accepted or endorsed by First Prudential or were payable at the same place of business of First Prudential.

4.11 Custody of Documents:

The custody of any document, record or goods held by KASB & First Pak as bailee and duly recorded in their books, shall pass to First Prudential under any Contract of bailment relating to any such document, record or goods shall on that day become rights and obligations of First Prudential.

4.12 Securities:

a) Any Security held immediately before the Effective Date by KASB & First Pak or by nominee or agent of or trust for KASB & First Pak as security for the payment or discharge of any liability and obligation of a customer shall, on and from the Effective Date be held by or as the case may require by that nominee, agent or trustee for First Prudential and be available to First Prudential (whether for its own benefit or as the case may be, for the benefit of any other person) as security for the payment or discharge of that liability and obligation.

b) In relation to any Security vested in First Prudential in accordance with provisions of this Scheme and any Liabilities and Obligations thereby secured, First Prudential shall be entitled to the rights and priorities to which KASB & First would have been entitled if they had continued to hold the Security.

c) Any Security referred to in the foregoing provisions of this paragraph which extends to future advances or liabilities shall, on and from the Effective Date, be available to First Prudential (whether for its own benefit or as the case may be, for the benefit of any other person) as security for the payment or discharge of future advances and future liabilities to the same extent and in the same manner in all respects as future advances by or liabilities to, KASB & First Pak or, as the case may be, First Prudential were secured thereby immediately before that time.

4.13 Legal Proceedings:

Where by virtue of this Scheme any right, Claim or Liability of KASB & First Pak, becomes a right, Claim or Liability of First Prudential on and from the Effective Date, First Prudential shall have the same rights, claims, powers and remedies (and in particular the same rights, Claims and powers as to taking or resisting, legal proceedings or making or resisting applications to any authority) for ascertaining, perfecting or enforcing that right, Claim or Liability as if it had at all times been a right, Claim or Liability of First Prudential, and any legal proceedings or application to any authority existing or pending immediately before the Effective Date by or against KASB & First Pak may be continued by or against First Prudential.

4.14 Judgments:

Any judgment or award obtained by or against KASB & First Pak and not, fully satisfied before the Effective Date shall at that time, to the extent to which it is enforceable by or against KASB & First Pak, become enforceable by or against First Prudential. Accordingly, all the orders, judgements and/or any other orders for or against these KASB & First Pak will accordingly be contested or defended by First Prudential, as the case may be.

4.15 Evidence:

All books and other documents which would, before the Effective Date, have been evidenced in respect of any matter, for or against KASB & First Pak shall be admissible in evidence in respect of the same matter for or against First Prudential.

4.16 Clarification:

The provisions contained in Sections 4.04 to 4.15 above are without prejudice to the generality of any other provisions in this Scheme, but subject to any provisions in this Scheme to the contrary effect.

ARTICLE 5
EFFECTIVE DATE

5.01 This Scheme shall become operative as soon as certified copy of an order of the Court under Section 297 of the Act sanctioning the Scheme and making any necessary provisions under Section 282 of the Act have been filed with the Registrar of Companies, Karachi/Registrar Modarabas ("Completion Date"). When the Scheme becomes operative on the Completion Date, the Amalgamation in accordance with the Scheme will be treated as having effect from the close of business on December 31, 2021 or at such other date as may be stated by The Court ("Effective Date"). Accordingly, as from the Effective Date until the Assets and undertaking of Modarabas are actually transferred to and vested in First Prudential on the Completion Date, the business of KASB & First Pak will be deemed to have been carried on for and on account and for the benefit of First Prudential. The reserves including un-appropriated profits/losses of KASB & First Pak as at the Effective Date shall constitute and be treated as Reserves / losses of a corresponding nature in First Prudential and shall be accounted for on that basis in the books of account of First Prudential.

ARTICLE 6
CERTAIN OBLIGATIONS AND REPRESENTATIONS

6.01 Upon the Amalgamation, First Prudential shall take all necessary and expedient steps to properly and efficiently manage its entire businesses and affairs.

6.02 Upon the Amalgamation, First Prudential shall operate and promote its entire business and affairs in the normal course.

6.03 As of the Effective Date, First Prudential shall undertake, pay, satisfy, discharge, perform and fulfill the Liabilities and Obligations, Contracts, engagements and commitments whatsoever of KASB & First Pak.

ARTICLE 7
SCHEME'S EFFECT

7.01 The, provisions of this Scheme shall be effective and binding by operation of law and shall become effective in terms of Article 5 above.

7.02 The Amalgamation in terms of this Scheme shall not: (i) constitute any assignment, transfer, 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 or Security; and (iv) give rise to any right of first refusal or pre-emptive right that any person may have in respect of any investment made by such person in Modarabas.

7.03 As of the Effective Date, the terms of this Scheme shall be binding on KASB, First Pak and First Prudential and also on all the Certificate Holders of First Prudential, KASB & First Pak, Customers and the Creditors of each of KASB, First Pak & First Prudential and on any other person having any right or Liability in relation to either of them.

AWAMI MODARABA MANAGEMENT LTD. KARACHI

KASB Modaraba

First PAK Modaraba Head Office Karachi

First Prudential Modaraba Head Office Karachi

ARTICLE 8
CONSIDERATION AND RELATED MATTERS

8.01 As consideration for the Amalgamation, First Prudential shall issue at par and allot 1.00 Modaraba Certificate of First Prudential to persons who on a day to be fixed by the Directors of AMML after the Effective Date, are the Certificate Holders of KASB & First Pak and such allotment shall be made on the following terms, namely, in respect of every 1.62 Modaraba Certificate of Rs. 10/- (Rupees Ten Only) each of KASB and in respect of every 0.997 Modaraba Certificate of Rs. 10/- (Rupees Ten Only) each of First Pak held by a Certificate Holders of KASB & First Pak respectively, there shall be allotted 1.00 Modaraba Certificate of Rs.10/- (Rupees Ten Only) each of First Prudential i.e. on the swap ratio of 1.00 : 1.62 for KASB and swap ratio of 1.00 : 0.997 for First Pak ("Swap Ratios") and all entitlement of the Certificate Holders of KASB & First Pak shall be determined in the proportion aforesaid. Fractional Modaraba Certificates shall not be issued.

8.02 The Swap Ratios have been determined on the basis of Special Purpose audited accounts for the half year ended December 31, 2021.

8.03 At least seven days' notice shall be given to the Certificate Holders of Modarabas in the manner provided in the prospectus of Modarabas, of the date fixed by the directors of AMML by reference to which the Certificate Holders of Modarabas are to be determined for entitlement to the Modaraba Certificates of First Prudential. Such notice shall also specify the date by which the Certificate Holders of KASB & First Pak holding Modaraba certificates (in physical form) shall deliver to First Prudential for cancellation of all Modaraba Certificates of KASB & First Pak held by them and such Modaraba Certificates shall be delivered to First Prudential on or before that date.

8.04 The allotment of the Modaraba Certificates of First Prudential shall be made by First Prudential within 30 days from the date so notified. The Modaraba Certificates of First Prudential shall be made ready for delivery as soon as practicable thereafter and notices of their readiness for their delivery shall be given to the Certificate Holders of KASB & First in the manner provided in their prospectus. Certificates not collected within the time specified in any such notice shall be sent by post in prepaid envelopes addressed to the persons entitled thereto at their respective registered addresses. In the case of joint Certificate Holders, Modaraba Certificates may be delivered to or may be sent to the address of that one of the joint holders whose name appears first in respect of such joint holding. First

Prudential shall not be responsible for loss of the Modaraba Certificates in such transmission.

Those Modaraba Certificates of KASB & First Pak that have been inducted in the Central Depository System ("CDS") shall stand cancelled and scripless certificates of First Prudential shall be directly credited by book entries in the CDS in lieu of the Modaraba Certificates of KASB & First Pak.

8.05 The Modaraba certificates of First Prudential issued and allotted to the Certificate Holders of KASB & First Pak shall in all respect, rank pari-passu and value with the existing Modaraba Certificates of First Prudential held by the Certificate Holders of First Prudential and shall be entitled to all dividends declared after the Effective Date.

8.06 Upon the allotment of the Modaraba Certificates of First Prudential to the Certificate Holders of KASB & First Pak in the manner aforesaid, all Modaraba Certificates of KASB & First Pak shall stand cancelled.

8.07 Subject to an order of the Court, KASB & First Pak shall without winding up, stand dissolved from the date on which all the Modaraba Certificates of First Prudential to be allotted by First Prudential as above to the Certificate Holders of KASB & First Pak have been so allotted.

ARTICLE 9
EMPLOYEES OF MODARABAS

9.01 All full time officers and employees (including workmen) of KASB & First Pak shall become the employees of First Prudential at the same level of remuneration and under the same terms and conditions of service, which they were receiving or as the case may be, by which they were governed, immediately before the Effective Date, including those relating to entitlements and benefits arising upon termination of service on the basis of continuation of service.

AL-MAI MODARABA MANAGEMENT LTD. KARACHI

KASB Modaraba

First Prudential Modaraba Head Office Karachi

First PAK Modaraba Head Office Karachi

ARTICLE 10
GENERAL

10.01 **Modifications by the High Court:** This Scheme shall be subject to such modification of conditions, as the Court may deem expedient to impose. The Board of Directors of AMML may consent to any modifications or additions to this Scheme or to any conditions which the Court may think fit.

10.02 **Headings:** Section headings are not to be considered part of this Scheme, but are solely for convenience of reference, and shall not affect the meaning or interpretation of this Scheme or any of its provisions.

10.03 **Severability:** If any provision of this Scheme is found to be unlawful and unenforceable by a competent Court of law; then to the fullest extent possible all of the remaining provisions of the Scheme shall remain in full force and effect.

10.04 **Costs and expenses:** All costs, charges and expenses of Modarabas in respect of the preparation of this Scheme and carrying the same into effect shall be borne by Modarabas equally.

Karachi
Dated March 11, 2022

For & on behalf of M/s. Awwal Modaraba Management Limited

For & on behalf of M/s. KASB Modaraba

For & on behalf of M/s. First Pak Modaraba

For & on behalf of M/s. First Prudential Modaraba

LIST OF ANNEXURES

"Annexure A" - The name of each of the members of Board of Directors of AMML.

"Annexure B" - Special Purpose audited accounts of KASB for the half year ended December 31, 2021.

"Annexure C" - Special Purpose audited accounts of First Pak for the half year ended December 31, 2021.

"Annexure D" - Special Purpose audited accounts of First Prudential for the half year ended December 31, 2021.

"Annexure E" - The particulars of each of Creditors/Certificate Holders of KASB.

"Annexure F" - The particulars of each of Creditors/Certificate Holders of FPM.

"Annexure G" - The particulars of each of Creditors/Certificate Holders of FPRM.

"Annexure H" – The Swap Report dated March 08, 2022.

AMWAJ MODARABA MANAGEMENT LTD. KARACHI

KASB Modaraba

First Prudential Modaraba Head Office Karachi

First PAK Modaraba Head Office Karachi

Annexure A

LIST OF NAME OF EACH OF THE MEMBERS OF BOARD OF DIRECTORS OF AMML

1.	Mr. Khalid Aziz Mirza	-	Chairman / Independent Director
2.	Ms. Ayesha Aziz	-	Director
3.	Mr. Abdul Jaleel Shaikh	-	Director
4.	Mr. Shahid Ghaffar	-	Independent Director
5.	Mr. Saiyid Najam Rizvi	-	Director
6.	Mr. Karim Hatim	-	Chief Executive Officer

AL MEEZAN MODARABA MANAGEMENT LTD. KARACHI

KASB Modaraba

First Prudential Modaraba Head Office Karachi

First PAK Modaraba Head Office Karachi

Annexure B

SPECIAL PURPOSE AUDITED ACCOUNTS OF KASB MODARABA
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

Annexure C

SPECIAL PURPOSE AUDITED ACCOUNTS OF FIRST PAK MODARABA
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

Annexure D

SPECIAL PURPOSE AUDITED ACCOUNTS OF FIRST PRUDENTIAL MODARABA FOR THE HALF YEAR ENDED DECEMBER 31, 2021

Annexure E

PARTICULARS OF EACH OF CREDITORS/CERTIFICATE HOLDERS OF KASB MODARABA

Creditors:

1. **Pak Brunei Investment Company Limited**

   Horizon Vista, Plot Commercial 10, Block No. 4, Scheme No. 5, Clifton Karachi.

Annexure F

PARTICULARS OF EACH OF CREDITORS/CERTIFICATE HOLDERS OF FIRST PAK MODARABA

Creditors:

1. **Pak Brunei Investment Company Limited**

   Horizon Vista, Plot Commercial 10, Block No. 4, Scheme No. 5, Clifton Karachi.

Annexure G

PARTICULARS OF EACH OF CREDITORS/CERTIFICATE HOLDERS OF FIRST PRUDENTIAL MODARABA

Creditors:

1. **Pak Brunei Investment Company Limited**

   Horizon Vista, Plot Commercial 10, Block No. 4, Scheme No. 5, Clifton Karachi.

Annexure H

SWAP REPORT

Swap Report is attached

Crowe Hussain Chaudhury & Co.
Chartered Accountants
Member Crowe Global
F-4/2, Mustafa Avenue, Behind the Forum,
Block 9, Clifton, Karachi, Pakistan
+92 21 35877806-10
www.crowe.com/pk
Other Office in Lahore & Islamabad

Ref No: AUD/2021-22/03-1242 11 March 2022

Mr. Karim Hatim
The Chief Executive Officer
Awwal Modaraba Management Limited
6th Floor, Horizon Vista, Plot No. Commercial 10
Block 4, Scheme No. 5, Clifton
Karachi

Sub: Proposed Merger of First Pak Modaraba and KASB Modaraba into First Prudential Modaraba

Dear Sir

We refer to our engagement letter dated November 01, 2021 whereby Crowe Hussain Chaudhury & Co. was engaged by you to carry out the captioned engagement.

Scope of work and methodology

We carried out the valuation of First Pak Modaraba, KASB Modaraba and First Prudential Modaraba as at 31 December 2021 in order to calculate the certificate swap ratio. We used half yearly audited financial statements of these modarabas for the half year period ended 31 December 2021.

Further, we were provided with other related information and explanations as and when required in order to carry out the valuation. We have not conducted verification of the information provided to us.

For the above mentioned exercise, we considered generally accepted valuation methodologies namely Adjusted Net Asset Value (NAV) method, dividend growth model and P/E ratio methods. However, for the purpose of this engagement, NAV method was used as primary methodology.

Valuation results and conclusions

The valuation results are depicted below:

Valuation methodology	First Prudential Modaraba	KASB Modaraba	First Pak Modaraba
Net assets at fair value	5.0673	3.1206	5.0808
Historic P/E ratio method	0.7158	-9.0992	1.6438
P/E ratio method – projected EPC	1.2459	2.7558	0.2339
Gordon's dividend model	0.5097	3.0510	0.8164

We assigned 100% weightage to the NAV method due to the reasons mentioned in our detailed report. The swap ratio results are as follows under recommended method:

0.6158 certificate of First Prudential Modaraba against 1 certificate of KASB Modaraba

1.00265 certificate of First Prudential Modaraba against 1 certificate of First Pak Modaraba

Yours truly

Crowe Hussain Chaudhury & Co.