

TTM/SHARE/ 07 /2020
April 01, 2020

**The General Manager,
Pakistan Stock Exchange Limited,
Stock Exchange Building,
Stock Exchange Road,
Karachi-74000, Pakistan.**

Disclosure of Material Information-Tata Textile Mills Limited

Dear Sir,

In accordance with Section 96 and 131 of the Securities Act 2015 and Clause 5.19.13(c) of the Rule Book of Pakistan Stock Exchange Limited ("PSX"), we hereby convey the following:

At a meeting of the Board of Directors of Tata Textile Mills Limited (the "Company") held at 11:30 a.m. on April 01, 2020 at the registered office of the Company, the Board of Directors approved the draft Scheme of Arrangement under Sections 279 to 282 and 285 of the Companies Act, 2017 laid before the Board of Directors of the Company ("Scheme"), subject to obtaining all necessary shareholders', creditors' and regulatory approvals, and the sanction of the Scheme by the High Court of Sindh along with fulfilment of related legal formalities.

In terms of the Scheme, inter alia;

- (i) Island Textile Mills Limited ("Island") shall be merged with and into the Company, against which 15,100,000 (Fifteen Million One Hundred Thousand) shares of the Company shall be issued to the shareholders of Island based on a swap ratio of 30.2 shares of the Company for every 1 share of Island;
- (ii) Salfi Textile Mills Limited ("Salfi") shall be merged with and into the Company, against which 17,381,364 (Seventeen Million Three Hundred Eighty One Thousand Three Hundred and Sixty Four) shares of the Company shall be issued to the shareholders of Salfi based on a swap ratio of 5.2 shares of the Company for every 1 share of Salfi;
- (iii) Tata Energy Limited ("Tata Energy") shall be merged with and into the Company, against which 6,187,500 (Six Million One Hundred Eighty Seven Thousand and Five Hundred) shares of the Company shall be issued to the shareholders of Tata Energy based on a swap ratio of 6 shares of the Company for every 1 share of Tata Energy;

The Board of Directors approved the draft of the Scheme, subject to any changes and modifications as may be required by the shareholders of the Company or the Honorable High Court of Sindh and such amendments as may be considered necessary without affecting the substance thereof. Furthermore, the Board approved the Draft Valuation Report, issued by KPMG Taseer Hadi & Co., which, inter alia, contains the valuations / calculations of the swap ratios.

TATA TEXTILE MILLS LIMITED



The Scheme will be circulated to the Stock Exchange and the Shareholders in due course subject to directions / order of the High Court of Sindh.

Yours truly,
For **Tata Textile Mills Limited**

Muhammad Hussain
Company Secretary

Haseeb Hafeezuddeen
Chief Financial Officer

Copy to : Director / HOD
Surveillance, Supervision and Enforcement Department
Securities and Exchange Commission of Pakistan
NIC Building, 63 Jinnah Avenue
Blue Area Islamabad.

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Extract of the Resolutions passed by the Board of Directors (the “Board”) of Tata Textile Mills Limited (the “Company”) at their meeting held on April 01, 2020 at 6th Floor Textile Plaza M.A. Jinnah Road, Karachi

During the meeting, the Board discussed, considered and approved the proposed arrangement involving the Company, Island Textile Mills Limited (“Island”), Salfi Textile Mills Limited (“Salfi”) and Tata Energy Limited (“Tata Energy”) along with all relevant matters thereto. Resultantly, the following resolutions were passed by the Board:

RESOLVED that the Company be and is hereby authorized to enter into an arrangement with Island, Salfi and Tata Energy in terms of which, inter alia:

- (i) Island shall be merged, by way of amalgamation, with and into the Company, as a consequence of which shares of the Company shall be issued to the shareholder of Island (the “Island Amalgamation”);
- (ii) Salfi shall be merged, by way of amalgamation, with and into the Company, as a consequence of which shares of the Company shall be issued to the shareholder of Salfi (the “Salfi Amalgamation”);
- (iii) Tata Energy shall be merged, by way of amalgamation, with and into the Company, as a consequence of which shares of the Company shall be issued to the shareholder of Tata Energy (the “Tata Energy Amalgamation”);

in accordance with the terms of a Scheme of Arrangement (“Scheme”) prepared under the provisions of Sections 279 to 282 and 285 of the Companies Act, 2017 (the “Proposed Arrangement”), subject to the approval of the requisite majority of the shareholders and creditors of the Company and sanction of the High Court of Sindh at Karachi.

FURTHER RESOLVED that the draft of the Scheme laid before the Board, pertaining to the Proposed Arrangement, be and is hereby approved, subject to finalization of the same by the authorized representative(s) of the Company (which does not materially alter the substance of the Scheme) and further subject to any changes and modifications as may be required by the shareholders of the companies and / or the Honorable High Court of Sindh and / or such amendments as may be considered necessary to rectify an error or for clarifying any provision of the Scheme without affecting the substance thereof.

FURTHER RESOLVED that for the purpose of the Island Amalgamation, Salfi Amalgamation and Tata Energy Amalgamation, the following consideration / swap ratios, based on the valuations / calculations carried out by KPMG Taseer Hadi & Co in terms of their Report, be and are hereby approved:

- (i) 15,100,000 (Fifteen Million One Hundred Thousand) ordinary shares of the Company, of face value PKR 10/- (Pak Rupees Ten) each, shall be allotted and issued in aggregate by the Company to the shareholders of Island, as fully paid up, on the basis of a swap ratio of 30.2 shares of the Company for every 1 (one) share of Island held by the shareholders of Island;

- (ii) 17,381,364 (Seventeen Million Three Hundred Eighty One Thousand Three Hundred and Sixty Four) ordinary shares of the Company, of face value PKR 10/- (Pak Rupees Ten) each, shall be allotted and issued in aggregate by the Company to the shareholders of Salfi, as fully paid up, on the basis of a swap ratio of 5.2 shares of the Company for every 1 (one) share of Salfi held by the shareholders of Salfi; and
- (iii) 6,187,500 (Six Million One Hundred Eighty Seven Thousand and Five Hundred) ordinary shares of the Company, of face value PKR 10/- (Pak Rupees Ten) each, shall be allotted and issued in aggregate by the Company to the shareholders of Tata Energy, as fully paid up, on the basis of a swap ratio of 6 shares of the Company for every 1 (one) share of Tata Energy held by the shareholders of Tata Energy;

FURTHER RESOLVED that, by virtue of the sanctioning of the Scheme, the authorized share capital of the Company shall stand automatically increased from PKR 200,000,000/- (Pak Rupees Two Hundred Million) to PKR 600,000,000/- (Pak Rupees Six Hundred Million), divided into 60,000,000 (Sixty Million) shares of PKR 10/- (Pak Rupees Ten) each, by merger of the existing authorized share capital of the Company, Island, Salfi and Tata Energy, and that the Memorandum and Articles of Association of the Company shall stand amended in terms of the Scheme.

FURTHER RESOLVED that the Company be and is authorized to take all necessary steps to obtain the requisite approvals / no objections / clearances from the relevant regulatory / competent authorities, as may be required under the applicable laws.

FURTHER RESOLVED that the Company be and is hereby authorized to file a petition / application (along with Island, Salfi and Tata Energy) to the High Court of Sindh at Karachi under Sections 279 to 282 and 285 of the Companies Act, 2017 read with Rules 55 and 60 of the Companies (Court) Rules, 1997 for the purpose of seeking sanction of the Scheme in respect of the Proposed Arrangement.

FURTHER RESOLVED that for the purposes aforesaid, Mr. Shahid Anwar Tata, Chief Executive Mr. Adeel Shahid Tata, Director of the Company, and / or Mr. Haseeb Hafeezuddeen, Chief Financial Officer, and/or Mr. Muhammad Hussain, the Company Secretary be and are hereby authorized to do the following on behalf of the Company:

- (i) finalize and execute all documents, including but not limited to the Scheme, petition, applications, affidavits and any other related documents;
- (ii) take all steps and actions for obtaining the requisite consents from the relevant regulatory authorities, creditors, members and any other persons (as applicable) with respect to the Proposed Arrangement and all ancillary matters;
- (iii) file, pursue and take any and all necessary actions in respect of submitting applications to the relevant authorities with respect to the Proposed Arrangement and obtaining the approvals of the same;
- (iv) appoint / engage lawyer(s), consultant(s), advisor(s) and professionals as deemed necessary and sign Vakalatnamas and engagement letters on behalf of the Company;

- (v) represent the Company before the High Court of Sindh;
- (vi) make such alterations and changes in the Scheme as may be expedient or necessary for satisfying the requirements or conditions imposed by any regulatory authority and / or the High Court of Sindh at Karachi, provided that prior approval of the Board shall be obtained for making any material changes in the Scheme (as approved in this meeting);
- (vii) withdraw the Scheme, upon the instructions of the Board;
- (viii) generally do all acts, deeds and things as may be required with respect to the aforementioned resolutions and implementing the Scheme in terms thereof along with all incidental actions and matters in respect of the same; and
- (ix) delegate any of the above powers to any person(s) as may be deemed fit.

Certified that the abovementioned is a true and valid extract from the meeting of the Board of Directors of Tata Textile Mills Limited held on April 01, 2020.



Muhammad Hussain
Company Secretary



Haseeb Hafeezuddeen
Chief Financial Officer

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Private & Confidential

Mr. Shahid Anwar Tata
Chief Executive Officer
Tata Textile Mills Limited
6th Floor, Textile Plaza
M.A Jinnah Road,
Karachi

Our ref KFAS-SAR-256
Contact Adnan Rizvi
Partner (DA)

1 April 2020

Dear Sir,

Proposed merger of Tata Textile Mills Ltd, Island Textile Mills Ltd, Salfi Textile Mills Ltd and Tata Energy Ltd – Calculation of Share Swap Ratio

We refer to our engagement letter dated 18 December 2019 whereby KPMG Taseer Hadi & Co. was engaged by sponsors of Tata Textile Mills Ltd, Island Textile Mills Ltd, Salfi Textile Mills Ltd and Tata Energy Ltd (jointly referred to as the "Clients") to carry out the captioned engagement..

Scope of work & methodology

We carried out the valuation of the clients as at 31 December 2019 on a standalone basis in order to calculate the share swap ratio. We used audited financial statements of the clients for the period ended 31 December 2019 along with their financial projections for the years 2020-24.

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 said financial projections and related information.

For the above mentioned exercise, we considered generally accepted valuation methodologies namely Discounted Cash Flow (DCF) and Adjusted Net Assets Valuation (NAV) Method. However, for the purpose of this engagement, DCF was used as primary methodology while Adjusted NAV as secondary methodology.



KPMG Taseer Hadi & Co.

Valuation results and conclusion

The valuation results are depicted below:

Valuation Methodology	PKR value per share			
	Tata Textile Mills Ltd	Salfi Textile Mills Ltd	Island Textile Mills Ltd	Tata Energy Limited
DCF	142.59	716.79	4,302.88	1,160.95
Adjusted NAV	253.59	1,363.96	7,636.57	608.29

We assigned weightages of 75% to DCF being the primary methodology and 25% to Adjusted NAV being the secondary methodology to calculate the share swap ratio which is as follows:

1 share of Salfi Textile Mills Ltd in exchange of 5.2 shares of Tata Textile Mills Ltd

1 share of Island Textile Mills Ltd in exchange of 30.2 shares of Tata Textile Mills Ltd

1 share of Tata Energy Ltd in exchange of 6 shares of Tata Textile Mills Ltd.

Yours faithfully,