

First Prudential Modaraba

NOTICE OF EXTRA ORDINARY GENERAL MEETING

Notice is hereby given that the Extra Ordinary General Meeting (EOGM) of the Modaraba's Certificate Holders of First Prudential Modaraba will be held on Friday , August 12, 2022 at 11:00 am, at Auditorium Hall, Institute Of Chartered Accountants of Pakistan (ICAP) , Chartered Accountants Avenue, Clifton, Karachi to transact the following business :-

1. Ordinary Business:

To consider and approve the Minutes of the Annual Review Meeting held on 14 October, 2021

2. Special Business:

The Honorable High Court of Sindh, vide order dated 5th July, 2022 has directed to hold Extra Ordinary General Meeting of the Certificate holders of First Prudential Modaraba (FPRM) to consider and if thought fit, to agree, approve and adopt Scheme of Arrangement (the Scheme) between KASB Modaraba(KASBM), First Pak Modaraba (FPM) and First Prudential Modaraba for the merger of KASB Modaraba & First Pak Modaraba with and into First Prudential Modaraba and to pass or otherwise the following Resolutions:-

“Resolved that the Scheme of Arrangement (the Scheme) , placed before the meeting of the Certificate holders of First Prudential Modaraba for the consideration and approval of the merger of KASB Modaraba and First Pak Modaraba with and into First Prudential Modaraba be and is hereby approved along with swap ratio i.e. (1 Certificate of First Prudential Modaraba to be issued to the certificate holders of KASB Modaraba against 1.62 certificates of KASB Modaraba) and (1 Certificate of First Prudential Modaraba to be issued to the certificate holders of First Pak Modaraba against 0.997 certificate of First Pak Modaraba) subject to the approval by the High Court of Sindh and to fulfilment of related legal formalities.”

“Further resolved that the Chief Executive Officer and/or the Company Secretary be and are hereby authorized singly/jointly to take or cause to be taken any or all acts , deeds and things as may be considered necessary or appropriate for implementation of the Scheme of Arrangement and all actions necessary for completion of the Scheme.”

Notes:

1. Closure of Certificate Transfer Books :

The certificate transfer books shall remain closed from Friday 29 July, 2022 to Friday 12 August, 2022 (both days inclusive). Transfers received in order at the office of the Share Registrar of First Prudential Modaraba i.e. M/s C.K .Management Associates (Private) Limited, 404- Trade Towers, Abdullah Haroon Road, Karachi, before the close of business hours on Thursday, 28 July, 2022 will be treated as in time for the purpose to attend the EOGM.

The Certificate holders are advised to notify change in their address, if any, to M/s C.K .Management Associates (Private) Limited, 404- Trade Towers, Abdullah Haroon Road, Karachi, Phone : 021-35687839

2. For Attending the Extra Ordinary General Meeting:

• A member entitled to attend EOGM may appoint any other person as his/her proxy to attend the meeting. A proxy form is enclosed.

- In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his identity by showing his original Computerized National Identity Card (“CNIC”) or original passport at the time of attending EOGM.
- In case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the attending EOGM.

STATEMENT UNDER SECTION 134 (3) OF THE COMPANIES ACT, 2017

This statement sets out the material facts pertaining to the special business to be transacted at the Extra-Ordinary General Meeting of the Company, scheduled to be held on August 12, 2022.

- a. The Honorable High Court of Sindh, vide order dated 5th July, 2022 has directed to hold Extra Ordinary General Meeting of the Certificate holders of First Prudential Modaraba to consider and if thought fit, to agree, approve and adopt Scheme of Arrangement (the Scheme) for merger of KASB Modaraba & First Pak Modaraba with and into First Prudential Modaraba.
- b. Subject to the sanction of the Scheme by the Honorable High Court of Sindh, KASB Modaraba and First Pak Modaraba shall be merged /amalgamated with and into First Prudential Modaraba by transfer to and vesting in First Prudential Modaraba the entire undertaking of both Modarabas as per details stated in the scheme.
- c. Scheme of Arrangement for merger has been placed on the website of Modaraba at www.firstprudentialmodaraba.com and is also available for inspection to any person entitled to attend EOGM, at the registered office of Modaraba during working hours.
- d. The Board of Awwal Modaraba Management Limited, the management Company of KASB Modaraba, First Pak Modaraba and First Prudential has approved the Scheme and resolved to commence with the process to effect the Scheme and to take all such steps as are necessary in this regard.

STATEMENT UNDER SECTION 281 OF THE COMPANIES ACT, 2017 CONCERNING SPECIAL BUSINESS

The statement setting forth the terms of the Scheme and explanation of its effects, including the interest of the directors of the Modaraba.

OBJECTIVES OF THIS SCHEME

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

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

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.

BENEFITS OF THE 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.

On behalf of the Board

Misbah Asjad
Company Secretary

Karachi, July 22, 2022