

MTM/21/1248
10th January, 2021

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

DISCLOSURE OF MATERIAL INFORMATION
MAQBOOL TEXTILE MILLS LTD

Dear Sir

In accordance with Section 96 of The Securities Act, 2015 and Clause 5.6.1(a) of PSX Regulations, we hereby convey that the Board of Directors of Maqbool Textile Mills Ltd. in their meeting held on 10.02.2021 at the registered office of the Company have approved the conversion of directors' loan into equity without a Right Issue and is subject to the approval of Shareholders and Securities and Exchange Commission of Pakistan (SECP).

Extract of Resolutions passed by the Board of Directors with appropriate justifications under Section 83 of the Companies Act, 2017 and Regulation 5 of Companies (Further Issuance of Shares) Regulations, 2020 is attached herewith.

Yours truly,

For,

Maqbool Textiles Mills Ltd.,


M. Ehsanullah Khan
Company Secretary

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



MAQBOOL TEXTILE MILLS LTD.

EXTRACT OF RESOLUTION PASSED BY THE BOARD OF DIRECTORS IN THEIR MEETING HELD ON
10th February 10, 2021 AT REGISTERED OFFICE OF THE COMPANY
2- INDUSTRIAL ESTATE, MULTAN

“RESOLVED THAT subject to the approval of the shareholders of the Company and the Securities and Exchange Commission of Pakistan (“SECP”) under section 83(1)(b) of Companies Act, 2017 (“the Act”), approval be and is hereby accorded for issuance of 1,732,000 ordinary shares of the Company by way of other than right at Rs. 50/- per share against the par value of Rs. 10/- each (i.e. at premium of Rs. 40/- each) to the following Directors of the Company against their outstanding loans towards the Company aggregating to Rs. 86,600,000/-:

Name	Number of Shares	Total Rs.
Mian Tanvir Ahmad Sheikh	433,000	21,650,000
Mian Anis Ahmad Sheikh	433,000	21,650,000
Mian Idrees Ahmad Sheikh	433,000	21,650,000
Mian Aziz Ahmad Sheikh	433,000	21,650,000

“FURTHER RESOLVED THAT shares when issued shall from the date of their allotment, rank pari passu in all respect with the existing fully paid ordinary shares of the Company”.

“FURTHER RESOLVED THAT the Chief Executive Officer and / or Company Secretary of the Company, be and are hereby authorized and empowered singly and / or jointly (**“Authorized Persons”**) to take all steps necessary, ancillary and incidental for the issuance of the shares otherwise than right shares including but not limited to obtaining all requisite regulatory approvals, engaging legal advisor(s) and consultants for the purposes of the above, filing of the requisite application(s), statutory forms and all other documents as may be required to be filed with SECP and any other authority, submitting all such documents as may be required, executing all such certificates, applications, notices, reports, letters and any other document or instrument including any amendments or substitutions to any of the foregoing as may be required in respect of the issue of further shares without right shares and all other matters incidental or ancillary thereto.

“FURTHER RESOLVED THAT in case any error, omission or mistake is pointed by the Securities and Exchange Commission of Pakistan (“SECP”) and any other Competent Authority in, the aforesaid resolution(s), the Chief Executive and /or Company Secretary be and is hereby authorized to make necessary amendment, modification, addition or deletion as may be required.

“FURTHER RESOLVED THAT the all acts, deeds and actions taken by the Authorized Persons pursuant to the above resolutions for and on behalf of the Company shall be binding acts, deeds and things done by the Company.

**Material information as required by Regulation No. 5 of the Companies
(Further issuance of Shares) Regulations, 2020**

a) Approval of Shareholders and Commission

The Board decision for issuance of shares other than right is subject to the approval of Shareholders and Commission

b) Quantum of the Issue

- Number of Shares to be Issued 1,732,000 ordinary shares of Rs.10/- each
- Percentage of the Issue
 - Before Issue 10.310% of the Paid up Capital
 - After Issue 9.346% of the Post Issue Paid up Capital

c) Issue Price per Share and its Justification

The shares will be issued at a price of Rs. 50/- per share including Rs.40/- as premium per share. The issue price is above the breakup value of Rs. 45.31 per share (without revaluation reserve) as per audited financial statements of the Company for the year ended 30.06.2020 and above the prevailing market price of the share of Rs. 40.90 as of February 09, 2021 as per closing rate at Pakistan Stock Exchange Limited (PSX).

d) Consideration

The shares are being issued for cash. The company has already obtained loan from Directors and utilized as working capital for the Company.

e) Name of the persons to whom the proposed shares will be issued

Name	Designation	Existing Shareholding	% of Paid up Capital
Mian Tanvir Ahmad Sheikh	Chairman	1,465,121 Shares	8.721%
Mian Anis Ahmad Sheikh	Chief Executive Officer	1,497,781 Shares	8.915%
Mian Idrees Ahmad Sheikh	Non-Executive Director	1,476,921 Shares	8.791%
Mian Aziz Ahmad Sheikh	Non-Executive Director	1,497,782 Shares	8.915%

f) Purpose of the Issue

The purpose is to reduce the liabilities and improvement of capital base / reserves and breakup value of the Company which will enable the financial institutions to provide finance to the Company for the expansion and new projects.

g) Justification for Issue of the Shares by way of other than Right

Maqbool Textile Mills Ltd ("Company") has obtained interest free, unsecured loan from directors of the Company at the crucial time and the amount received has been utilized to meet the working capital needs of the company and repayment of loans along with markup obtained from financial institutions. The amount received was beneficial to the Company allowing to reduce its markup cost and improve the operations of the Company. The directors have not charged any interest on the loans and are willing to convert their outstanding loan into equity at substantial premium to the par value and market price of shares.

In the current circumstances due to poor financial performance owing to COVID-19, it is unlikely that the outstanding interest free loans of the directors would be repaid. Therefore, it will be in the interest of the Company as well as its shareholders to reduce its liabilities which will enhance the capital base, increase reserves without any negative impact on the cash flows.

The shares of the Company are not frequently traded and share price increased from Rs. 20.42 to Rs. 38.49 from January 01,2020 to January 28,2021 with no significant shares trading. The proposed issue price of Rs. 50/- per share including premium of Rs. 40/- per share is more than the breakup value of Rs. 45.31/- per share as on June 30, 2020 and last share price quoted on PSX of Rs. 40.90 with no trade.

In the present situation it is unlikely that shareholders will subscribe any right offering at a premium above the market price in view of the fact that the Company has not been able to declare any distribution to its shareholders as dividends.

h) Benefits of the Issue

This will enhance the leverage and borrowing capacity of the Company thereby improving liquidity position and improvement in the business operations and returns for the Company and value for its shareholders

i) Breakup Value per Share as per the Audited Financial Statements of the Company for the Year Ended 30.06.2020

Breakup value of share (Without Revaluation Surplus)	Rs. 45.31 / Share
Breakup value of share (With Revaluation Surplus)	Rs.112.79 / Share

j) Consent of the Person to whom the shares is to be issued

The Consent of the person to whom the shares are to be issued has been obtained in writing.

k) Ranking of the Shares

The proposed shares when issued will rank pari passu with the existing ordinary shares of the Company.

l) Average Market Price of the Shares during the last three months

The shares of the Company are not frequently traded in the market. The average market price is Rs. 26.23 during the preceding three months from the date of Board announcement and the latest market price of share is Rs. 40.90 as of February 09, 2021 as per closing rate at Pakistan Stock Exchange Ltd (PSX).

m) Shares Issued for Consideration other than in Cash

Not Applicable

-----S/d-----

M. Ehsanullah Khan
Company Secretary

Date : 10.02.2021