

Ref.No.MTM/CORP/ 8093 /2021

Dated: 23.09.2021

The General Manager,
Pakistan Stock Exchange Limited,
Karachi.

Subject: Revised Paid Up Capital in Preference Shares Customer ID- L.I. PK0034202017

Dear Sir,


We are pleased to inform you that about redemption during July 2021, of Masood Textile Mills Limited-Cumulative Preference Shares as under: -

Description	No. of Preference Shares
Paid-up capital against cumulative preference shares before current redemption	31,166,668
Less: Redemption during July 2021	
United Bank Limited	3,666,668
Revised paid-up capital against cumulative preference shares after redemption	<u>27,500,000</u>

In this regard we enclose herewith a copy of Central Depository Company of Pakistan Limited (CDC), letter for redemption of Cumulative Preference Shares of the Company, the copy of Special Resolution dated 28.05.2005 and a copy of Auditor's Certificate regarding revised paid-up capital of the Company for your information and record.

Thanking you;

Yours faithfully,
for MASOOD TEXTILE MILLS LIMITED,


(Nisar Ahmad Ali ACA)
Company Secretary



**CENTRAL DEPOSITORY COMPANY
OF PAKISTAN LIMITED**

Head Office:

CDC House, 99-B, Block 'B'
S.M.C.H.S., Main Shakra-e-Faisal
Karachi - 74400, Pakistan.
Tel: (92-21) 111-111-500
URL: www.cdcpakistan.com
Email: info@cdcpak.com



August 20, 2021

OPS/CA-CAN/001

Mr. Nisar Ahmad Alvi
Company Secretary
Masood Textile Mills Limited
Universal House,
17/1, New Civil Lines, Bilal Road,
Faisalabad.

Dear Sir,

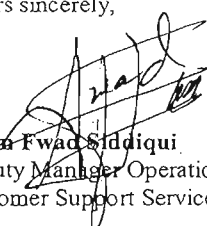
Partial Cancellation of Shares/ Certificates
Masood Textile Mills Limited - Cumulative Preference Shares

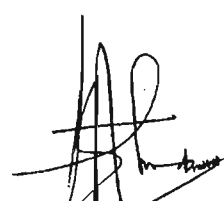
Reference to your cancellation confirmation letter regarding Cancellation of **Masood Textile Mills Limited - Cumulative Preference Shares**, we hereby write to confirm that 3,666,668 preference shares have been cancelled at end of day of **August 17, 2021**.

Please note that after the aforementioned cancellation of preference shares in CDS, the paid-up capital of **Masood Textile Mills Ltd-Cumulative Preference Shares** is appearing as 27,500,000 in the system.

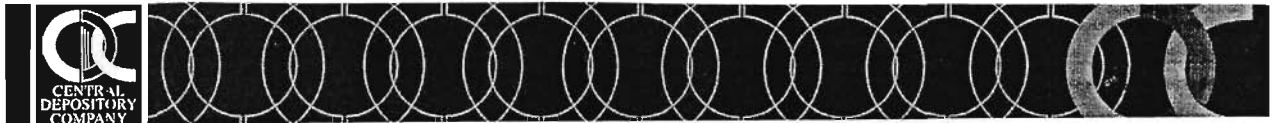
We shall be pleased to provide you with any other information / clarification should you so require.

Yours sincerely,


Azam Fwaid Siddiqui
Deputy Manager Operations &
Customer Support Services


Farooq Ahmed
Senior Manager Operations &
Customer Support Services

C.C: **Mr. Asrar Ahmad**
Chief Executive Officer
Corptec Associates (Pvt) Limited
503-E, Johar Town
Lahore.



SCHEDULE (1)

Form-26

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SPECIAL RESOLUTION

RESOLVED THAT, subject to approval of the Securities and Exchange Commission of Pakistan ("SECP") to the extent required under law, for the purpose of raising finance/funding to meet the working capital requirements of the Company and for funding the fixed assets acquisition costs and for any other purpose as allowed in the Memorandum and Articles of the Company, the Directors of the Company be and are hereby authorized to issue up to 60,000,000 (Sixty Million) Preference Shares of the face value of Rs. 10/- each to financial / institutional investors / companies / associations / trusts/ entities with the permission of the Federal Government in terms of the proviso to Section 86(1) of the Companies Ordinance, 1984 by way of further issue of capital without issue of right shares, to be listed on the Lahore Stock Exchange (Guarantee) Limited. The Preference Shares shall carry the following rights and privileges under the Articles of Association of the Company, subject to the terms and conditions stated hereunder (including any modifications as may be required by SECP):-

1. AS TO INCOME/DIVIDEND:

- (i) The Preference Shares will have a right to preferential cumulative dividend which would be paid on an annual basis at the end of each accounting period subsequent to June 30, 2005 or proportionately for the period prior to June 30, 2005 from the date of issue and after the approval of the dividend payment in the Annual General Meeting. The preferred dividend amount will be determined after applying the relevant Base Rate every six months commencing from the issue date ("Issue Date") of the Preference Shares. The preferred dividend rate would be floating to be determined as follows:

Base Rate + 200 bps p.a.

Base Rate is defined as the average rate 'Ask Side' of the six months Karachi Inter Bank Offered Rate ("KIBOR") as published on Reuters page KIBOR or as published by the Financial Markets Association of Pakistan, in case Reuters page is unavailable on the Base Rate setting date. The Base Rate will be set for the first time on the Issue Date and then on the immediately preceding date before the start of each six months period. The "KIBOR" rates used for the purpose of determining the Base Rate will be taken from Reuters page "KIBOR", as published at 11.30 a.m. Pakistan Standard Time by the Financial Markets Association (FMA). The average of the six months 'Ask Rate' quoted by the banks as published by FMA on the rate setting date will be used. In the event that this rate is not published on Reuters on the rate fixing date or if less than 8 banks provide their rates for the KIBOR fixing, the FMA or other relevant market body will be contacted for the relevant fixing rate.

- (ii) In case the profits in any year are insufficient to pay dividend on the Preference Shares, the dividend on the Preference Shares (together with any previously accumulated and unpaid dividend) will be accumulated and payable in the next year.

For the sake of clarification, there will be no compounding on the accumulated dividends

- (iii) No cash dividend or bonus shares on Ordinary Shares ("OS") would be payable until all the dividends on Preference Shares, including arrears, have been paid.
- (iv) The Preference Share Holders will not have any right to receive additional/further dividend over and above the cumulative preferential dividend as calculated in terms above.
- (v) The Preference Share Holders shall have a right to receive cumulative preferential dividend upon exercise of Call Option by the Company which will be calculated pro rata for the actual number of days in the year that the Preference Shares are outstanding.

2. AS TO CAPITAL:

The Preference Share Holders will have a right on winding up or other event resulting in redemption or reduction of capital, to repayment in priority to any payment to the holders of any other shares in the capital of the Company, of any arrears or accruals of dividend payable on the Preference Shares, whether declared or earned, or not, calculated in the same manner as applicable to 1(v) above till the date of such repayment.

3. AS TO VOTING:

The holders of the Preference Shares shall not be entitled to notice of or to attend any meeting of the shareholders of the Company or vote on any resolution of the shareholders of the Company (whether in General Meeting or otherwise) unless and to the extent required by the Companies Ordinance, 1984.

4. AS TO REDEMPTION IN TERMS OF CALL OPTION:

- (i) The Company will have a right, subject to the provisions of section 85 of the Companies Ordinance, 1984 to redeem the outstanding Preference Shares in terms of sub-clauses (ii) to (vi) below ("Call Option");
- (ii) The Call Option may be exercised by the Company during any Call Exercise Period in respect of a minimum of 10% (ten percent) of the outstanding Preference Shares (or multiples thereof) held by each Preference Share Holder in each Call Exercise Period at the Call Price by giving the Call Notice.
- (iii) Call Exercise Period shall mean each one year period commencing from the expiry of four years from the date of issue of the Preference Shares.



(iv) Call Price shall mean Rs.10/- per Preference Share plus the entire accumulated preferential dividend including the dividend for the current year in which the Call Option is exercised, adjusted, pro-rata for the actual number of days that the Preference Shares are outstanding during the relevant year.

(v) Call Notice shall be a notice in writing issued to the Preference Share Holders at least two weeks prior to the intended date of redemption of the Preference Shares upon exercise of the Call Option.

(vi) The payment of the Call Price in respect of the Preference Shares redeemed by the Company as stated in the Call Notice will be made within a period of 30 (thirty) days from the date of issuance of the Call Notice.

5. AS TO THE PREFERENCE SHARE HOLDERS RIGHTS TO CONVERT THE PREFERENCE SHARES INTO FULLY PAID ORDINARY SHARES OF THE COMPANY:

(i) The Preference Share Holders will have a right, subject to the provisions of the Companies Ordinance, 1984 to convert the Preference Shares held by the Preference Share Holders into OS in terms of sub-clauses (ii) to (vii) below ("Conversion Option");

(ii) The Conversion Option may be exercised by the Preference Share Holders during any Conversion Exercise Period in respect of a maximum of 1/3rd (one third) of the total issue amount of Preference Shares (i.e. face value of Rs.200 million) in each Conversion Exercise Period calculated at the Conversion Ratio by giving the Conversion Notice.

(iii) The Conversion Exercise Period shall mean each one year period commencing from the expiry of four years from the date of issue of the Preference Shares.

(iv) Conversion Ratio shall be calculated as the Conversion Amount divided by the Conversion Price. Where, the Conversion Amount in respect of each Preference Share shall mean the face value of the Preference Share plus the entire accumulated preferential dividend including the dividend for the current year in which the Conversion Option is exercised, adjusted, pro-rata for the actual number of days that the Preference Shares are outstanding during the relevant year and the Conversion Price is the average daily market price of the OS prevailing during the period of one month immediately preceding the date of issue of the Conversion Notice less a discount of 15% (fifteen percent). In other words, the number of OS to be issued by the Company in favour of the Preference Share Holders will be the total Conversion Amount divided by the total Conversion Price.

(v) Conversion Notice shall be a notice in writing issued by the relevant Preference Share Holder to the Company notifying the intent to convert the Preference Shares into OS issued during the first two weeks of each Conversion Exercise Period specifying the number of Preference Shares held by the Preference Share Holder and the number of Preference Shares required to be converted.

(vi) The conversion of the Preference Shares into OS will become effective from the date falling 30 (thirty) days after commencement of the relevant Conversion Exercise Period, and the OS resulting from the conversion will be issued within a period of 45 (forty five) days from the commencement of the relevant Conversion Exercise Period, unless the Company issues a Call Notice and makes payment within a period of 30 (thirty) days from the commencement of the relevant Conversion Exercise Period, whereupon the Call Notice will supersede and prevail over the Conversion Notice.

(vii) It is clarified that in the event that the total number of Preference Shares in respect of which a Conversion Notice is received exceeds 1/3rd of the total issue amount of the Preference Shares (i.e. Rs.200 million in any given Conversion Exercise Period), the Company will be entitled to either accept the entire Conversion Notices or adjust the same pro-rata, so that the maximum number of Preference Shares to be converted into OS do not exceed 1/3rd of the issue amount of the Preference Shares (i.e. Rs.200 million).

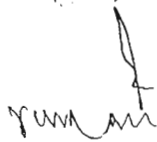
6. AS TO FURTHER ISSUE OF OS AND PREFERENCE SHARES:

The Preference Share Holders shall not have any right of first refusal or preference in respect of any further issue of OS and the Company shall not be obliged to offer the OS to any Preference Share Holder. The Preference Share Holders shall not be entitled to any bonus shares issued to the OS Holders, PROVIDED that the Company will not issue any bonus shares to the OS Holders unless the Company is in compliance with the terms and conditions for issuance of the Preference Shares, including payment of preferential cumulative dividend thereon. The Preference Share Holders shall have a first right of refusal / preference in respect of any further issue of Preference Shares (by whatever name called) and provided always that any further issue of Preference Shares shall not entail any rights or privileges in priority or preference to the Preference Shares being authorized to be issued hereby

7. COMPLIANCE WITH PRUDENTIAL REGULATIONS FOR QUALIFICATION AS EQUITY:

The Preference Shares are intended to qualify as equity of the Company and accordingly the Company shall comply with the conditions of the Prudential Regulations of the State Bank of Pakistan as applicable from time to time for such purpose including but not limited to the exercise of Call Option and related redemption through use of Sinking Fund.

FURTHER RESOLVED that the Chief Executive Officer and Company Secretary singly or any two Directors of the Company jointly be and are hereby authorized to take all actions necessary or incidental for giving effect to the issuance of the Preference Shares, including but not limited to submission of application to SECP for obtaining requisite approvals for the issuance of Preference Shares and approval of the Stock Exchange(s) for listing of the Preference Shares and to further agree upon any modifications to the terms and conditions for issuance of the Preference Shares to the extent required by the SECP.



Company Secretary
Masood Textile Mills Limited
Universal House
17/1, Bilal Road
New Civil Lines
FAISALABAD

09 August 2021
Our Ref: RAF-204/13264

Dear Sir

AUDITOR'S CERTIFICATE REGARDING REVISED PAID-UP CAPITAL OF MASOOD TEXTILE MILLS LIMITED AFTER REDEMPTION OF CUMULATIVE PREFERENCE SHARES

We have been requested to provide a certificate on the revised paid-up capital after redemption of cumulative preference shares of Masood Textile Mills Limited (the Company).

Scope of Certificate

We have undertaken the engagement in accordance with the applicable International Standard on Related Services 4400, "Engagement to Perform Agreed-Upon Procedures" regarding certification of revised paid-up capital of the Company after redemption of cumulative preference shares.

Management Responsibility

It is the responsibility of the management to provide all the necessary documents regarding redemption of cumulative preference shares of the Company.

Auditor's Responsibility

Our responsibility is to certify the compliance of the requirement of revised paid-up capital after redemption of cumulative preference shares 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. Our verification was limited to the procedures of examining relevant records for the confirmation of revised paid up capital of the Company after redemption of preference shares.

Certificate

Pursuant to payment made by the Company to its shareholder against redemption / cancellation of preference shares, we, the statutory auditors of the Company, based on procedures mentioned above, certify the following:

Riaz Ahmad & Company

Chartered Accountants

Description	No. of Shares	Face Value Rupees
Authorized Share Capital of the Company:		
Ordinary shares	125 000 000	1,250,000,000
Preference shares	60 000 000	600,000,000
Total:	<u>185 000 000</u>	<u>1,850,000,000</u>
Paid-up capital against cumulative preference shares before current redemption	31 166 668	311,666,680
Less: Redemption during July 2021		
United Bank Limited	3 666 668	36,666,680
Revised paid-up capital against cumulative preference shares after redemption	<u>27 500 000</u>	<u>275,000,000</u>

We further certify that redemption / cancellation of aforesaid cumulative preference shares has been carried out under the terms and conditions contained in "Special Resolution" passed on 28 May 2005 and duly approved by Securities and Exchange Commission of Pakistan. Moreover, the Company has completed all the necessary regulatory formalities regarding redemption / cancellation of aforesaid cumulative preference shares. Furthermore, the payment has been made to the holder of preference shares against redemption / cancellation.

Restriction on use and distribution

The certificate is issued in relation to the requirement regarding certification of revised paid-up capital after redemption of cumulative preference shares of the Company and onward submission to Central Depository Company (CDC), and is not to be used or distributed for any other purpose. This certificate is restricted to the facts stated above.

Very truly yours

Riaz Ahmad & Co.

RIAZ AHMAD AND COMPANY
Chartered Accountants

Faisalabad