

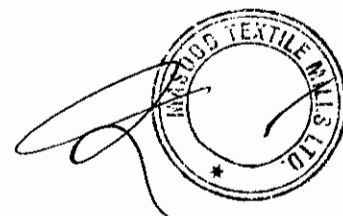
Form-3B

MASOOD TEXTILE MILLS LIMITED

Registered Office: Universal House, 17/1, New Civil Lines, Bilal Road, Faisalabad
 Phone: 041-2600176-276 FAX: 041-2600976 Website: www.masoodtextile.com
Company Share Registrar: Orient Software & Management Services (Pvt) Limited
 35-Z, Ameer Plaza, Opp: Mujahid Hospital, Commercial Center, Madina Town, Faisalabad
COMPANIES ORDINANCE, 1984 SECTION 86 (3)
Circular to be sent to members along with the notice offering new shares

Part I-Issuer

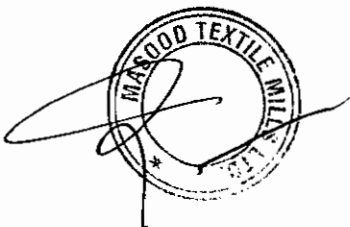
a	Company profile and history			
	(i)	Name of company	Masood Textile Mills Limited	
	(ii)	Incorporation date	3 October, 1984	
	(iii)	Date of commencement of business	9 October, 1984	
	(iv)	Status (Public or private, if listed name of stock exchanges where listed)	Listed on Pakistan Stock Exchange Limited	
(v)	Corporate Universal Identification No. (CUIN)	0012223		
b	Profile of management & sponsors			
	(i)	Brief description of profile of directors	Annexure – A	
(ii)	Other directorships held	Annexure – A		
c	Address of issuer			
	(i)	Registered office	Universal House, 17/1, New Civil Lines, Bilal Road, Faisalabad	
(ii)	Website address (If any)	www.masoodtextile.com		
d	Name(s) of auditor(s)	M/S Riaz Ahmad & Company Chartered Accountants		
e	Existing capital indicating classes of shares, if any			
	(i)	Authorized Capital	As at 30 September 2016	
		Ordinary share Capital	Rs. 1.250 billion divided into 125 million shares of Rs. 10 each.	
		Preference share Capital	Rs. 600 million divided into 60 million preference shares of Rs. 10 each.	
	(ii)	Paid-up Capital		
	Ordinary share Capital	Rs. 600 million divided into 60 million shares of Rs. 10 each.		
	Preference share Capital	Rs. 311.666 million divided into 31.167 million preference shares of Rs. 10 each.		
f	Particular regarding holding / subsidiary company, if any	N/A		
g	Financial highlight of the company for preceding three year; including following:			
		30-Jun-16	30-Jun-15	30-Jun-14
		Rupees in thousand		
	Sales	23,183,485	26,702,735	24,371,128
	Gross profit	3,212,247	3,714,418	3,935,812
	Profit before interest, tax, Depreciation and Amortization	2,124,556	2,499,192	2,781,656
	profit after tax	729,218	754,113	938,299
	Accumulated profit/(loss)	4,632,722	4,264,426	3,662,119
	Total assets	22,730,304	22,970,989	22,113,537
	Total liabilities	15,006,182	15,909,164	13,650,381
	Net equity	6,823,888	6,455,592	5,818,785
	Earnings per share	11.64	11.88	14.95
	Cash Dividend-Ordinary share capital	264,000	261,000	90,000
	Cash Dividend-Preference share capital	30,655	41,496	41,320
Bonus issue , if any	N/A	N/A	N/A	
Right/other than right issue , if any	N/A	N/A	N/A	
h	Financial highlight of consolidated financial statements same as h above, if any.	N/A		



i	Major related party transactions		
	Description	Its Quarter ended 30 September 2016	June 2016- As per Annual Audited Accounts
	Rupees in thousand		
	Associated Company		
	Purchase of goods and services	-	32,571
	Sales of good and services	-	164,379
	Dividend paid	-	63,603
	Other related parties		
	Remuneration paid to Chief Executive officer, Directors and Executives	71,195	197,549
Dividend paid	-	6,488	
j	Detail of issue of capital in previous five years		N/A
(i)	Year wise detail of issue of capital		N/A
(ii)	Detail of fund utilized		N/A

Part II-Issue Detail

a	Description of issue	Amount of the proposed issue Rs. 1,050.000 million Divided into 7.5 million shares of Rs. 140 Each				
b	Par Value each	Rs.10 each				
c	Basis of determination of price of the right issue	Value of the Company's share is calculated through Discounted Cash Flow method of valuation and average market value of last six months				
d	Proportion of new issue to existing shares with any condition applicable thereto	Approximately 12.5 ordinary shares for every 100 shares held. The right shares shall rank pari - passu with the existing ordinary shares of the Company in all respects.				
e	Date of meeting of Board Of Director(BOD) announcing right issue	29 October, 216				
f	Name of directors attending the BOD meeting	Mr.Naseer Ahmad shah (Chairman), Mr. Shahid Nazir Ahmad CEO, Mr.Matloob Hussain, Mr. Fazal Ahmad and Mr.Shoaib Ahmad Khan-NIT				
g	Necessity of the issue					
I	Detail of the main projects/object for which fund are raised through present right issue		The main purpose of Right issue is to make available the funds for meeting the requirements of balance sheet re-profiling and to provide funds for permanent Working Capital.			
	Detail of project		N/A			
	Total fund required for the project		N/A			
	Percentage finance through right issue		N/A			
	Percentage finance from other sources		N/A			
	Time of completion of project		N/A			
li	Expected benefit to accrue from proposed right issue (description & amount)		Equity base of the company will be strengthened and the availability of further equity will help decrease the financial cost, strengthen overall supply chain and improve liquidity of the Company.			
lii	Financial projection for five year					
	Description	2017	2018	2019	2020	2021
		Rupees in thousands				
	Sales	25,952,752	28,327,012	30,920,392	33,753,113	36,847,265
	Gross Profit	4,023,880	4,526,973	5,010,582	5,555,049	6,172,274
	Profit before taxation	1,298,588	1,611,854	1,795,336	2,006,485	2,259,496
	Taxation	259,528	283,270	309,204	337,531	368,473
	Profit after taxation	1,039,060	1,328,584	1,486,132	1,668,953	1,891,024
	Profit before interest, tax, depreciation and amortization	2,468,983	2,781,737	3,071,716	3,396,222	3,759,635
	Accumulated profit/ Loss	4,632,722	5,377,127	6,290,087	7,282,887	8,522,674
	Total assets	22,655,558	24,879,176	27,279,941	29,882,006	32,884,912
	Total liabilities	13,137,031	14,484,356	16,020,655	17,474,600	19,061,481
	Net Equity	8,618,293	9,494,586	10,359,052	11,507,173	12,923,197
	Earnings per share (Rs)	14.94	19.31	21.75	24.51	28.02



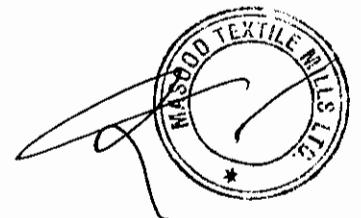
h	Has the market price remained below par during preceding six months?	No
i	Financial effects arising from right issue	
(i)	Increase in paid-up share capital	Rs. 75,000,000 divided into 7,500,000 ordinary shares of Rs. 10 each.
(ii)	Net assets/breakup value per share before and after right issue (As per the audited accounts 30 June 2016)	Net assets per shares before the right issue is Rs. 107.93 (with surplus on revaluation of fixed assets Rs.122.93) and net assets per shares after the right issue shall be approximately Rs.111.50 (with surplus on revaluation of fixed assets Rs.124.83)
(iii)	Gearing ratio before and after right issue(As per the audited accounts 30 June 2016)	The gearing ratio before the right issue is 61:39 (Equity includes surplus on revaluation of fixed assets) and gearing ratio after the right issue shall be approximately 56:44
J	Total expenses to the issue	
(i)	Bankers commission	As mutually agreed
(ii)	Underwriters commission	0.75% of the total value of the Underwritten Shares
(iii)	Others	N/A

Part III-Risk and Risk mitigating factors

a	Description of major risks and company's efforts to mitigate them	
(i)	Risks relating to the project for which right issue is announced	There is no major risk
(ii)	Risks relating to subscription/under-subscription of right issue	The current share price in The stock market is much above The offer price. Hence there is no risk of under subscription. The underwriter has already been appointed to cover the risk of under subscription.
(iii)	Material contingencies (as per annual audited account for the year ended 30 June 2016)	Contingencies Guarantees of Rupees 75.021 million (2015: Rupees 74.521 million) have been given by the banks of the Company to Sui Northern Gas Pipelines Limited (SNGPL) against gas connections and Collector of Customs, Lahore for import license fee.
(iv)	Material commitments (as per annual audited account for the year ended 30 June 2016)	b)Commitments i) Contracts for capital expenditure are amounting to Rupees 231.548 million (2015: Rupees 13.600 million) and other than capital expenditure are Rupees 124.025 million (2015: Rupees 166.434 million). ii) Ijarah (operating lease) commitments - Company as lessee The Company obtained vehicles under ijarah (operating lease) agreement. The lease terms are three to five years. The Company has given undertaking to purchase the leased vehicles on agreed purchase price at maturity. The future aggregate minimum lease payments under ijarah (operating lease) are as follows: Rupees in thousand Not later than one year 26,345 Later than one year and not later than five years 51,750
(v)	Description of major court cases	N/A
(vi)	Any adverse issue reported by the auditor in their audit reports in any previous five years	None
b	Name of underwriter, (if required)	1. Summit Bank Limited 2. Ismail Iqbal Securities (Pvt.) Ltd

Part IV-Eligibility criteria & associated matters

a	Eligible shareholders/ investor	All shareholders whose names appear on the register of shareholder at the close of business on Saturday, 26 November, 2016
b	Bankers to the issue	1.Summit Bank Limited 2.Samba bank Limited 3.Habib Metropolitan Bank Limited
c	Date by which offer to be accepted	27.01.2017



d	Mode of acceptance		Cash/Cheque/Pay order/Demand Draft		
	i)	Bank account number	Bank Name	Account No	Branches
			1.Summit Bank Limited	162-20311-714-129740	All branches in Pakistan
			2.Samba Bank Limited	6600001062	All branches in Pakistan
			3.Habib Metropolitan Bank Limited	20353-714-222322	All branches in Pakistan
	ii)	Date by which amount to be credited in bank account to constitute valid acceptance	27.01.2017		
	iii)	No. and date of pay order / bank draft and other banking instrument.	N/A		

Part V-Any other material information

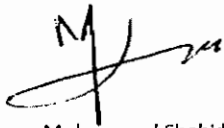
Any information which has direct or indirect bearing on the investment issue	None
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Part VI-annexures

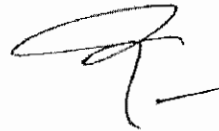
a	Annexure A - Particulars of Chief executive / Directors and offices held by them in other companies
b	Annexure B - Extract of resolution passing the right issue
c	Annexure C - Certificate of chief executive and CFO that the circular constitute full and true disclosure of all material facts relating to the right issue and that the Company will provide copies of financial statements on demand

Officers authorized by Directors

Faisalabad
12th December, 2016

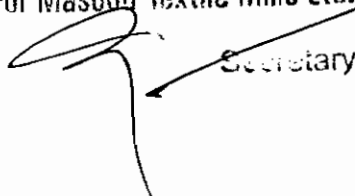


1 Name: Muhammad Shahid Naveed
Designation: Chief Financial Officer



2 Name: Mian Abdul Bari
Designation: Company Secretary

Certified to be true Copy
For Masood Textile Mills Ltd.



Secretary

PROFILE OF BOARD OF DIRECTORS**Shahid Nazir Ahmad, CEO/Director**

Mr. Shahid Nazir Ahmed, CEO is an MBA from London and has over 20 years of experience in the textile sector including spinning, knitting, dyeing, finishing and garments. He has been the main driving force along with experienced professionals behind the growth of the Company from a spinning unit to one of the largest vertically integrated business in Pakistan. He has extensive experience in production, IT, marketing and administration.

Miss. Chen Yan

Miss. Chen Yan is non-executive director of the board and is chine national. She was appointed as Nominee board member after Shanghai Change Textile. Co., Ltd investment in MTM. She holds bachelor degree and has vast 18 years' experience in textile industry as senior executive. Currently, she is also serving as Vice President of sales and Marketing in Shanghai Change Textile. Co., Ltd and she had also served Shanghai Jiale Corp Ltd from 1998 to 2004.

Mr. Shibin Yang

Mr. Shibin Yang is a non-executive member of the board. He is also Nominee board member of Shanghai Change Textile. Co., Ltd at the board of MTM. He is post graduate and currently serving Shanghai Change Textile. Co., Ltd. He had been employed with Ministry of Textile; China National Textile Council; State Bureau of textile Industry, China National Textile and Apparel Council and other companies and have more than 26-years professional experience.

Mr. Naseer Ahmad Shah

Mr. Naseer Ahmad Shah is non-executive director. He holds M.Sc (Computer science) degree and various certifications in the field of IT. Further he has more than 30-years professional experience and is a Certified Director by completing the Director's Training Program from ICAP

Mr. Matloob Hussian

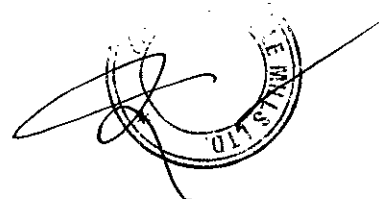
Mr. Matloob Hussian is non-executive director of the board since 2007. He has done his graduation from University of the Punjab, Lahore. Mr. Matloob Hussian has over 10 Year of experience in management and over 9-years' experience of directorship of listed company. He is a Certified Director by completing the Director's Training Program from ICAP

Mr. Fazal Ahmad

Mr. Fazal Ahmad hold graduate degree form Punjab Collage of Commerce and currently serving company and non-executive director since 2005 and has over 10-years' experience in various position in management. He is also a Certified Director by completing the Director's Training Program from ICAP

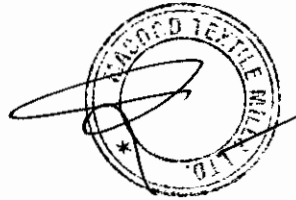
Mr. Shoaib Ahmad Khan

Mr. Shoaib Ahmad Khan is the independent director on the board. He is MBA from Adamson University-Manila, Philippines and Bachelor of Science from Punjab University. He further holds DAIBP from Institute of Bankers, Pakistan and certificate course on Islamic Banking from Institute of Islamic Banking & Finance, Pakistan. He has more than 30 years working experience at executive level in various companies.



Directorship in other Companies

Name	Status	Other Directorship
1. Mr. Shahid Nazir	CEO/Director	Nil
2. Mr. Naseer Ahmad Shah	Director – Chairman	Nil
3. Miss. Chen Yan (Shanghai Challenge Nominee)	Director Nominee-Shanghai Challenge Textile Co. Ltd	Shanghai Challenge Textile Company Limited (Chines company)
4. Mr. Shibin Yang (Shanghai Challenge Nominee)	Director Nominee-Shanghai Challenge Textile Co. Ltd	Shanghai Challenge Textile Company Limited (Chines company)
5. Mr. Matloob Hussian	Director	Nil
6. Mr. Fazal Ahmad	Director	Nil
7. Mr. Shoaib Ahmad Khan (Nominee NIT)	Nominee-NIT	1- Salman Noman Enterprises Ltd. 2- Pakistan Paper Products Ltd.





Regd. Office: Universal House,
17/1, New Civil Lines,
Bilal Road, Faisalabad.
Tel : 041-2600176-276
Fax : 92-41-2600976

MILLS: 32 K.M. SHEKHUPURA ROAD, FAISALABAD.

COPY OF RESOLUTIONS PASSED BY THE BOARD OF DIRECTORS OF MASOOD TEXTILE MILLS LIMITED IN THEIR MEETING HELD AT 11 A.M. ON 29TH OCTOBER, 2016 HELD AT ITS REGISTERED OFFICE, UNIVERSAL HOUSE, 17/1, NEW CIVIL LINES, BILAL ROAD, FAISALABAD.


"Resolved that Ordinary Paid-up Share Capital of Masood Textile Mills Ltd.(the Company") be and is hereby increased from Rs.600,000,000 to Rs.675,000,000 by issuing further 7,500,000 Ordinary Shares to be offered as Right Shares @ Rs. 140 per share inclusive of Rs. 130 as premium per share in the ratio of 12 ½ Right Shares for every 100 existing Ordinary Shares of Rs.10 each (i.e., @ 12 ½ %) and that these Ordinary Right Shares be and are hereby offered to the Company's existing ordinary shareholders as provided under section 86 of the Companies Ordinance, 1984 against payment of value of shares to the Company up to the date as per Right Allotment Letters to be issued. These shares shall rank *pari passu* in all respects with the existing ordinary shares of the company."

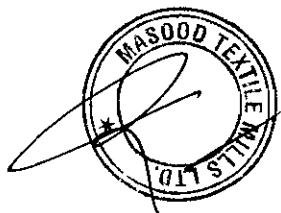
"Resolved further that Chief Financial Officer and/or Company Secretary be and are hereby singly/jointly authorized to appoint the Bankers to collect the amount of subscription towards right shares. They are also authorized to finalize the prescribed Circular u/s 86 containing necessary information along with Letter of Rights and Intimation Letters "

"Resolved further that Chief Financial Officer and/or Company Secretary be and are singly/jointly authorized to appoint consultant/advisor for Right Issue, announce Book Closure dates or any change therein and to prepare the schedule for issue of Right Shares and to make any amendment in the said schedule and to make all necessary actions required by SECP/PSX/CDC or any other authority and to take all necessary actions as may be required in this regard."

"Resolved further that the Chief Executive Officer be and is hereby authorized to manage allotment of unsubscribed portion of Right Shares or negotiate with the underwriters or any/all Directors of the Company. He is also empowered to effect transfer of proceeds of Right Subscription Account to the Company's account, through authorized signatories."

Faisalabad;
29th October, 2016.

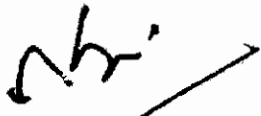
For Masood Textile Mills Ltd.

(Mian Abdul Bari)
Company Secretary



Certificate from Chief Executive and Chief Financial Officer

We hereby certify that the Circular under section 86(3) of the Companies Ordinance, 1984 constitute full and true disclosure of all material facts relating to the right issue and the company will provide copies of financial statements on demand.

For Masood Textile Mills Limited



(Shahid Nazir Ahmad)
Chief Executive Officer



(Muhammad Shahid Naveed)
Chief Financial Officer

