



Gatron (Industries) Limited

Liaison Office : 11th Floor, G&T Tower, # 18 Beaumont Road, Civil Lines-10, Karachi-75530, Pakistan.
Phone: 021-35659500-09, Fax: 021-35659516, E-mail: headoffice@gatron.com

By Hand / PUCARS

Ref: HK/FH/321/12/2023

December 14, 2023

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

SUBJECT: DECLARATION OF RIGHT SHARES

Dear Sir,

In accordance with Sections 96 and 131 of the Securities Act, 2015, paragraph 5.6.1.(a) of the Rule Book of the Pakistan Stock Exchange Limited and Regulation 3(1)(i) of the Companies (Further Issue of Shares) Regulations, 2020, we hereby convey the following information:

The Board of Directors of Gatron (Industries) Limited (the “**Company**”) in its meeting held on December 14, 2023 has resolved to increase the paid-up share capital of the Company by issue of a further 32,000,000 (Thirty Two Million) ordinary shares, having face value of Rs. 10/- (Rupees Ten) each, as Right Shares, to be offered to the members of the Company in the proportion of approximately 41.7052 Right Shares for every 100 ordinary shares held i.e. approximately 41.7052% at a price of Rs. 175 (Rupees One Hundred Seventy Five) per Right Share (inclusive of a premium of Rs. 165/- (Rupees One Hundred Sixty Five) per Right Share).

The dates of closure of the Share Transfer Books of the Company, to determine the entitlement of Right Shares, will be communicated in due course after finalization of the offer letter / document in accordance with the provisions of the Companies (Further Issue of Shares) Regulations, 2020.

The following details are enclosed:

1. Certified true copy of the Extract of the Resolutions with respect to the Right Issue passed by the Board of Directors of the Company at the Board Meeting (**Annexure A**).
2. Statement with respect to the details of the Right Issue, including the quantum of issue, issue size, issue price, purpose of issue, utilization of proceeds, benefits of the issue to the Company and its shareholders, risk factors, justification for the issue of shares at premium and minimum subscription amount (**Annexure B**).



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3. Draft copy of the notice of the Right Issue to the Shareholders prior to its publication in the newspapers (**Annexure C**).

You may please inform the TRE Certificate Holders of the Exchange accordingly.

Yours sincerely,

For and on behalf of
GATRON (INDUSTRIES) LIMITED

Muhammad Yasin Bilwani
Company Secretary

Encl: as above

Copy to:

The Commissioner

Corporate Supervision Department
Securities and Exchange Commission of Pakistan
Islamabad

The Director

Surveillance Supervision Enforcement (SMD)
Securities and Exchange Commission of
Pakistan
Islamabad



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Annexure A

**Extract of the Resolutions passed by the Board of Directors of
Gatron (Industries) Limited (the "Company") at its meeting held on Thursday, December 14,
2023 at 14th Floor, G&T Tower, # 18 Beaumont Road, Civil Lines-10, Karachi**

A meeting of the Board of Directors of the Company was held at 1:00 p.m. on Thursday, December 14, 2023 at 14th Floor, G&T Tower, # 18 Beaumont Road, Civil Lines-10, Karachi.

During the meeting, the Board of Directors of the Company discussed and approved the proposed issuance of further share capital by the Company by way of right issue. The Board of Directors of the Company stated that all requirements of the Companies Act, 2017 (the "**Companies Act**") and the Companies (Further Issue of Shares) Regulations, 2020 (the "**Regulations**") have been considered by the Board of Directors of the Company and shall be duly complied with by the Company.

Accordingly, the following resolutions were passed by the Board of Directors:

"RESOLVED that the ordinary paid up share capital of the Company be increased from Rs. 767,289,600/- (Rupees Seven Hundred Sixty Seven Million Two Hundred Eighty Nine Thousand Six Hundred) to Rs. 1,087,289,600/- (Rupees One Billion Eighty Seven Million Two Hundred Eighty Nine Thousand Six Hundred) by issue of a further 32,000,000 (Thirty Two Million) ordinary shares of the Company, having face value of Rs. 10/- (Rupees Ten) each, to be offered to the shareholders of the Company in proportion to the number of shares held by each shareholder (i.e. as right shares) in accordance with the provisions of Section 83 of the Companies Act and all applicable laws, at a price of Rs. 175/- (Rupees One Hundred Seventy Five) per share (i.e. inclusive of a premium of Rs. 165/- (Rupees One Hundred Sixty Five) per share), in the ratio of approximately 41.7052 right shares for every 100 ordinary shares of Rs. 10/- (Rupees Ten) each held immediately prior to the book closure date (i.e. 41.7052%), against payment to the Company of the price for the shares subscribed, which shares shall rank *pari passu* in all respects with the existing ordinary shares of the Company (the "**Right Issue**").

FURTHER RESOLVED that the following are the quantum, size, price and purpose of the Right Issue, along with the utilization of proceeds, benefits of the same to the Company and its shareholders, the risk factors associated with the Right Issue, the justification for the issue of shares at a premium, and the minimum subscription amount, in accordance with Regulation 3(1)(iii) of the Regulations:



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(a) Quantum of the Right Issue (i.e. as a percentage of existing paid-up capital):

The quantum of the Right Issue is approximately 41.7052% of the existing paid-up capital of the Company i.e. approximately 41.7052 right shares for every 100 ordinary shares held by the shareholders of the Company immediately prior to the close of the share transfer books of the Company.

(b) Right Issue Size:

The Company shall issue 32,000,000 (Thirty Two Million) ordinary shares, at a price of Rs. 175/- (Rupees One Hundred Seventy Five) per share, aggregating to Rs. 5,600,000,000/- (Rupees Five Billion Six Hundred Million).

(c) Right Issue Price:

Rs. 175/- (Rupees One Hundred Seventy Five) per share (i.e. inclusive of a premium of Rs. 165/- (Rupees One Hundred Sixty Five) per share.

(d) Purpose of the Right Issue:

The purpose of the Right Issue is to finance the Company's working capital requirements, which is essential for sustained business growth. This aligns with the Company's broader strategy to fortify its financial position in order to enhance profitability and, consequently, provide greater shareholders return.

(e) Utilization of Proceeds of the Right Issue:

The proceeds from the Right Issue will be utilized to finance the Company's working capital requirements to ensure smooth operations and optimum sales levels, leading to sustained business growth.



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(f) Benefits to the Company and Shareholders:

In the country's current economic environment, where interest rates have increased significantly, funding the Company's working capital requirements largely through bank / financial institution debt is not a feasible or prudent option. Consequently, equity raised funds utilized for working capital purposes is a more prudent business and strategic approach, which will reduce finance costs. The same is expected to positively impact profitability, ultimately generating improved results for shareholders.

(g) Risk Factors associated with the Right Issue, if any:

The Right Issue of the Company is being carried out at a price which is less than the current share price in the market and hence there is no major investment risk associated with the Right Issue. The substantial shareholders and directors of the Company have confirmed that they shall subscribe to (or arrange the subscription of) their respective right entitlements, while the balance portion of the Right Issue will be underwritten in accordance with the applicable laws. Normal risks associated with the business will remain; however, the Company believes that it is well placed in the market with a proven track record, which will help to mitigate such risk factors.

(h) Justification for Issue of Shares at Premium:

The Right Issue is being carried out at a premium. Considering the current market price of the Company share, the premium charged over the par value is justified and is in line with market practice, in fact the same constitutes approximately 26.47% discount on the last 3 (three) months average trading share price.

(i) Minimum Subscription Amount

None.

FURTHER RESOLVED that the letter of offer, as prescribed under Section 83(2) of the Companies Act, shall be issued / signed by any 2 (two) directors of the Company, in compliance with the applicable laws.



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FURTHER RESOLVED that Mr. Shabbir Diwan – Chief Executive Officer and / or Mr. Muhammad Iqbal Bilwani - Director, be and are hereby severally authorized by all the directors of the Company, to sign the circular accompanying the letter of offer, once finalized in accordance with the procedure stipulated under the Regulations.

FURTHER RESOLVED that all fractional entitlements, if any, will be consolidated in the name of the Company Secretary (under trust), and unpaid letters of right in respect thereof shall be sold on the Pakistan Stock Exchange Limited (“PSX”), the net proceeds from which sale, once realized, shall be distributed / paid to the entitled shareholders in proportion to their respective entitlements as per the Regulations.

FURTHER RESOLVED that any unsubscribed shares may be offered and allotted (upon subscription) to such persons as the directors may deem fit in accordance with Section 83(1)(a)(iv) of the Companies Act, including the sponsors / substantial shareholders, directors or associated undertakings of the Company or any third party, before calling upon the underwriters to subscribe to any unsubscribed shares.

FURTHER RESOLVED that the Chief Executive and / or Company Secretary and / or the Chief Financial Officer, be and are hereby severally authorized to prepare, revise and finalize the draft offer document / letter and share it with the Securities and Exchange Commission of Pakistan (“SECP”) and PSX, and revise the same based on the observations and changes of the SECP and PSX as may be deemed fit by them, in the manner prescribed under the Regulations, along with preparing and submitting other necessary documents in this respect. While the draft offer letter shall be placed on the PSX website, public comments on the same shall not be required to be solicited.

FURTHER RESOLVED that the Chief Executive and / or Company Secretary and / or the Chief Financial Officer, be and are hereby severally authorized, such that any one of them may do all or any of the following for and on behalf, and in the name, of the Company:

- (i) appoint / negotiate with consultants / advisors / auditors and underwriter(s) to the Right Issue, to finalize terms and conditions and sign underwriting agreements(s), other documents and settle / finalize fees, underwriting commission, take up commission and third party expenses and / or any other expenses relating to the Right Issue;
- (ii) to prepare the schedule for issue of right shares including date of payment, and to make any amendment in the said schedule, appointment of banker(s) to the issue, announce (and amend) book closure dates, and to take all necessary actions, in respect of the Right Issue and ancillary matters thereto, as required by the SECP, PSX, Central Depository Company of Pakistan



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Limited ("CDC") (including, but not limited to, induction of the offer for right shares in the Central Depository System of the CDC) or any other authority / body;

- (iii) to decide and announce the closure of the share transfer books of the Company, including the dates thereof, to determine entitlements of the shareholders of the Company with respect to the Right Issue;
- (iv) to open, maintain, operate and close bank accounts for the purpose of amounts received from subscription of rights shares;
- (v) to credit right shares, once allotted by the Board of Directors, and file returns / documents as required by SECP / PSX / CDC along with the auditor's certificates; and
- (vi) to take all other necessary steps, and do all other acts, deeds and things, to prepare / finalize the offer letter / document, circular and schedule for issue of right shares and any other documents and to make any amendment in the said documents and schedule and to take all necessary action as may be required in this regard including execution of any documents and agreements or any ancillary or incidental actions to give effect to the above resolutions.

Certified that the above mentioned is a true and valid extract from the meeting of the Board of Directors of Gatron (Industries) Limited held at 14th Floor, G&T Tower, #18 Beaumont Road, Civil Lines-10, Karachi on Thursday, December 14, 2023.

Muhammad Yasin Bilwani
Company Secretary

December 14, 2023



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Annexure B

Gatron (Industries) Limited

Statement pertaining to the Quantum of Issue, Issue Size, Issue Price, Purpose of Issue, Utilization of Proceeds, Benefits of the Issue to the Company and the shareholders, Justification for Issue of Shares at Premium, Risk Factors and Minimum Subscription Amount, under Regulation 3 of the Companies (Further Issue of Shares) Regulations, 2020.

(a) Quantum of the Right Issue (i.e. as a percentage of existing paid-up capital):

The quantum of the Right Issue is approximately 41.7052% of the existing paid-up capital of the Company i.e. approximately 41.7052 right shares for every 100 ordinary shares held by the shareholders of the Company immediately prior to the close of the share transfer books of the Company.

(b) Right Issue Size:

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(g) Risk Factors associated with the Right Issue, if any:

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Annexure C

Gatron (Industries) Limited

Notice of Right Issue

Members are hereby notified that the Board of Directors of Gatron (Industries) Limited (the "**Company**") in its meeting held on December 14, 2023 has decided to issue further capital by offering 32,000,000 (Thirty Two Million) ordinary right shares of Rs. 10/- (Rupees Ten) each, in the proportion of approximately 41.7052 right shares for every 100 shares held (i.e. 41.7052%), at a price of Rs. 175/- (Rupees One Hundred Seventy Five) per share (inclusive of a premium of Rs. 165/- (Rupees One Hundred Sixty Five) per share), against payment to the Company of the price of the shares subscribed by the shareholders, which shares shall rank pari passu in all respect with existing ordinary shares of the Company.

[The dates of closure of the share transfer books of the Company, to determine the entitlement of right shares, will be communicated in due course after finalization of the offer letter / document in accordance with the provisions of the Companies (Further Issue of Shares) Regulations, 2020.]