

Al-Abid Silk Mills Ltd.

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A/39, S.I.T.E, MANGOPIR ROAD, KARACHI.
P.O. BOX: 3677 S.I.T.E., KARACHI.

Date: 18-02-2020

Pakistan Stock Exchange
Stock Exchange Building
Stock Exchange Road
Karachi

For the kind attn of Mr. Hafiz Maqsood Munshi,
Manager, Companies &
Securities Compliance-RAD

Dear Sir,

We are in receipt of your letter dated 7-2-2020 received on 10-02-2020.

The main question raised is our progress towards commercial production. This is to inform you that we have made substantial progress towards manufacturing activities. Our first step was to meet the resolution passed by the shareholders under section 183 in Extra-Ordinary General Meeting which was held on 18-08-2018. Due to various types of hurdles, it has taken some time including the circumstances of business etc. However we have been successful in settling the following banks:

- a. Habib Bank Limited
- b. Habib Metropolitan Bank Limited
- c. United Bank Limited
- d. Allied Bank Limited
- e. Meezan Bank Limited
- f. Standard Chartered Bank (Pakistan) Limited
- g. Summit Bank Limited: Summit Bank is also a signatory of Master Settlement Agreement [MSA] which was executed by the company with the consortium of above banks under the leadership of Habib Bank Ltd.

According to the MSA, Habib Bank Limited has received the pay order for all the banks in terms of their settlement amounts. All the banks have en-cashed their pay orders after passing of compromise decrees in the respective suits. According to the Master Settlement Agreement, the pay order is to be delivered to Summit Bank on receipt of consent decree as per the amount of Master Settlement Agreement, enabling Habib Bank to deliver the pay order to Summit Bank. As soon as Summit Bank submits the

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consent decree, the pay order of their settlement amount will be delivered by Habib Bank to Summit Bank on our behalf.

- h. Pak Oman Investment Company Limited
- i. Pakistan Kuwait Investment Company (Pvt) Limited
- j. Orix Leasing Pakistan Limited

The Company has settled the outstanding litigation with the above three banks and their liabilities are also settled.

Following banks settlement is under process;

- ⇒ Faysal Bank Limited
The consent decree has been obtained. However, time for payment of amount and the sale of their mortgage property is under discussion between the buyer and the bank.
- ⇒ JS Bank Limited
The negotiations are in process.

Following banks settlement is under negotiation / restructuring;

- ⇒ National Bank of Pakistan
- ⇒ The Bank of Punjab
- ⇒ PAIR Investment Company Limited

For settlement of banks, we sold some surplus land to M/s. LIBERTY Mills and outdated machinery to others. However, with our efforts in this regard, major number of banks, as you see above, have been settled.

Our major work presently is shifting our comparatively new and useful plants to our larger premises which has all amenities required for today's production, i.e. Effluent Water Treatment Plant (one million gallons per day capacity), own power generation (4-Mega Watt), which today is essential for an industry to operate successfully. Comparatively new machinery and plant are rather huge plant and it is of-course time consuming shifting and re-installing has its own process. However, we are putting all our efforts to expedite the work in progress and get into production soonest.

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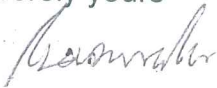
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We can understand your concern about commercial production, more so, since the sponsors are the major stake holders in the company and have been regularly injecting loans for day to day requirements so that once all plants are in place, operation can take place smoothly.

Necessary information has been given also to SECP. With your support, we are sure that we will be again successful doing \$100Million business per annum which we were doing towards the fag end of our commercial production closure and we are determined to be again a blue chip company as we were in the past. We surely will keep you informed of the progress.

Thanking you,

Sincerely yours



Naseem A. Sattar
Chief Executive

C.C: The Acting Chief Regulatory Officer - PSX