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Suhail Jute Mills Limited

(Manufacturers of Hessian Cloth, Twine & Bags)

Ref. No. 02/PSX/08

Dated 15-07-2020

Mr Hafiz Maqsood Munshi
Manager, Companies and Securities Compliance-RAD
Pakistan Stock Exchange Limited
Stock Exchange Building, Stock Exchange Road,
Karachi-74000
PAKISTAN

Dear Sir,

Non Compliance with PSX Regulations No 5.11.1(b) & (e)

We refer to your letter dated 1 July 2020, under reference PSX/ Gen-1328.

As we have submitted on numerous occasions, the Company's day to day expenditure is being met from the personal resources of the Principal Shareholder since 2010. As you would agree, this constitutes an enormous burden. This course of action was chosen to keep the Company alive so as to complete the merger, dispose off surplus assets in an orderly fashion and re-commence operations; all for the benefit of the shareholders. The inordinate length of time that was taken by the Courts and, later, by administrative delays, further exacerbated the matter and increased the financial burden far beyond our initial expectation.

The utilization of the funds injected have been prioritized to meet minimum required security, maintenance and administrative staff compensation, utility bills, government taxes and levies and essential administrative expenses.

Head Office:- 14-B.Civil Lines, P.O. Box No. 341, Rawalpindi (Pakistan).
Mills :- Kabul River Railway Station, Mardan Road, Nowshera, N.W.F.P

Notwithstanding the onerous burden, and as an immediate expression of good-faith and our intention of fully discharging our financial obligations to the PSX, we are making herewith a payment of Rupees Five Hundred Thousand, (RS.500,000.00), towards our outstanding dues. We intend to make regular future payments to clear all remaining outstanding obligations within a year. Moreover, in the event of a sale of assets materializing before that, we shall clear any outstanding amounts immediately. We trust that this is sympathetically considered by you in pursuing any future course of action. Moreover, it is requested that the current suspension of trading in the shares of Suhail Jute Mills Limited is duly lifted.

As you are aware, the Company's production facility is situated in Khyber-Pakhtunkhwa. We have a long-standing association with the area and a major part of our effort, at considerable personal cost, has always been to revive operations, so as to generate economic activity and provide vital employment in an otherwise depressed area.

The Company's production machinery and facilities have been kept maintained at substantial cost. The Company's product, eco-friendly and bio-degradable Jute sacks, are an essential product for the long term storage of wheat stocks and cannot be replaced by polypropylene or cotton bags. The principal buyers are Agencies of the Government of Pakistan and the Provincial Governments. The Company has the technical and marketing expertise in manufacturing and selling these bags. Its production facilities are fully operational and production can be recommenced as soon as working capital funds become available. Once the production/ sales cycle is implemented, bank finance will also become available. It should be noted that the deficiencies in the Company's Prudential requirements has also been rectified as a result of the financial restructuring achieved through the Merger.

It is important to emphasize that the shut down occurred as a direct consequence of the destruction wrought by a natural calamity in the form of an unprecedented and unexpected flood surge. At the time of the shut-down the mills were operating on a commercially viable basis, engaged in the business of manufacturing and selling jute bags, for 28 years. This operational viability can be speedily achieved after re commencing production.

The timing and process of re starting operations is wholly subject to the generation of funds from the disposal of assets. While we are making every effort in this regard, it is not possible to stipulate a time

line. As you are aware, the Company has not generated any funds since the shutdown of its production facilities in 2010 and the entire funding required to sustain the company and keep it in existence, has been borne by its principal shareholder. Moreover, the Company has obligations to financial institutions who have secured Decrees from the Courts. Naturally, the Company has to clear these outstanding dues once funds are generated from a disposal of assets and resumption of commercial activity.

As we had informed you earlier, the Company is actively pursuing the raising of financial resources by the disposal of assets that have become surplus as a consequence of the merger. The Company secured shareholder approval to dispose off part of the Land and some structures thereon, through a Special Resolution, and had received expressions of interest from a number of parties. However, due to the limitations on the end-use of the Land, the administrative process involved is lengthy and cumbersome but we remain confident that these hurdles are surmountable and we continue to strive to materialize meaningful transactions in this regard.

In conclusion, we submit that any irreversible and precipitate action would be to the detriment of the interests of the shareholders. We thank you for your assistance in this matter and look forward to your most sympathetic consideration of our submissions.

Yours Truly

for, Suhail Jute Mills Limited


SOHAIL FAROOQ SHAIKH

CHIEF EXECUTIVE

Encl: Cheque No: 11338274 for RS. 500,000

Dated 15-07-20 Drawn on Samba Bank, Rwp