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Suhail Jute Mills Limited

(Manufacturers of Hessian Cloth, Twine & Bags)

Ref. No. 001/PSX/189

Dated 05-01-2023

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

Dear Sirs,

PROGRESS REPORT FOR THE QUARTER ENDED 31 DECEMBER 2022

We are pleased to provide you with a progress report in respect of Suhail Jute Mills Ltd., for the quarter ended 31 December 2022.

It is to be appreciated that the quarter under report has been negatively impacted by crisis-like economic and political conditions which has negatively impacted our efforts to dispose-off assets as the prevailing uncertainties hinders potential buyers/ investors from making long term commitments.

Moreover, because part of the available assets includes Land, we have also faced issues relating to the end use of the Land, which has further shrunk the pool of potential buyers.

As pointed out earlier, the Company continues to explore the viability of entering into joint ventures with potential buyers, in addition to executing outright sales. To this end, the Company has prepared a proposal for Land development and is in the process of engaging an Investment Bank to approach potential investors. We shall continue to keep you apprised of any developments in this regard.

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

As we have stated in our previous communications, the restart of commercial operations hinges entirely upon our ability to raise adequate financing for working capital and the discharge of outstanding obligations to creditors, principal among which is the settlement of obligations to institutions who have secured Decrees from the Courts.

As reported from time to time, the Company has surplus assets that have become available for disposal, as a consequence of the Merger of (Colony) Sarhad Textile Mills Ltd, with and into, Suhail Jute Mills Limited. Additionally, the Company owns a fully functional Jute Manufacturing facility, which has been maintained in a running order. The existing unit will be capable of generating revenue, once working capital becomes available, and commercial production is recommenced.

Since the Merger, the Company has made strenuous efforts to sell such surplus assets so as to raise the required amount of funding. However, we have not been able to secure suitable transaction terms for the same, particularly the front-loading of the consideration for the sale of surplus assets.

The principal sponsors continued to substantially increase their financial stake in the Company and have injected further funds to keep the Company afloat during the period under report. As is evident from the record, the sponsors have financially sustained the Company during the entire time it has remained non-operational and are obviously most interested in being able to restart operations so as to recoup their investment.

We trust the above is in order.

Yours truly,

For, SUHAIL JUTE MILLS LIMITED



SOHAIL FAROOQ SHAIKH
CHIEF EXECUTIVE