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Suhail Jute Mills Limited

(Manufacturers of Hessian Cloth, Twine & Bags)

Ref. No. _____

Dated _____

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

July 05, 2024

Dear Sirs,

PROGRESS REPORT FOR THE QUARTER ENDED 30 JUNE 2024

We are pleased to provide you with a progress report in respect of Suhail Jute Mills Ltd., for the quarter ended 30 June 2024.

As reported from time to time, the Company has 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 running order. The existing unit is capable of generating revenue, once working capital becomes available, and commercial production recommences

However, the restart of commercial operations hinges entirely upon our ability to raise adequate financing for working capital and the settlement of outstanding obligations to creditors, including institutions who have secured Decrees from the Courts.

The company has a plan for Land development involving conversion of existing Land to smaller sized industrial plots. This proposal entails the outright sale of 20 acres of land for approximately RS 480 million, with the funds generated from the sale applied to the costs of converting 576 kanals of Land into Industrial plots of different sizes and it was estimated that the proceeds from the sale of plots would be approximately RS 2.5 Billion.

As indicated in the plan, the physical infrastructure required to divide the subject land into plots requires funding, which, was planned to be generated by the outright sale of a parcel of land of 20 Acres.

This amount would be sufficient to cover the most pressing and immediate liabilities and leave the Company with sufficient margin to raise working capital for reviving commercial operations. In any event, the plotting and sale of land would not impact the existing jute manufacturing and ancillary facilities which remain intact.

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As you are aware, the plan outlined above was presented to the SECP and was duly scrutinized by them. Based on their recognition of the viability of the plan, the SECP, on 18 April 2023, concluded their proceedings against the Company initiated under Section 304 of the Companies Act 2017.

Despite our best efforts, there was no meaningful progress in respect of the sale of Land during the quarter under report. This is due primarily to the severe political and economic uncertainties prevailing in the country and especially in Khyber-Pakhtunkhwa.

Given the high mark-up environment and budget uncertainties, investors still appear unwilling to enter into long term commitments involving large amounts of financial resources.

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 and benefit all stakeholders.

Management continues to make strenuous efforts to materialize the plan so as to generate the necessary funds to sustain and revive the commercial operations.

We trust the above is in order.
Yours truly,

For, SUHAIL JUTE MILLS LIMITED

(SOHAIL FAROOQ SHAIKH)
CHIEF EXECUTIVE