



SALLY TEXTILE MILLS LIMITED

December 19, 2019

Ms. Ayesha Riaz
Additional Director (CSD)
Securities and Exchange Commission of Pakistan
NIC Building, 63 Jinnah Avenue - Islamabad

Dear Madam

Reference you letter EMD/233/184/2002-402 dated December 11, 2019, point wise replies to your queries are as follows:

1. Chief executive has been duly authorized by the board to sign the report. Extracts of the approved board meeting are attached for your record.
2. Our mill's profitability remains unviable at the moment. We are reviewing market and economic conditions to ascertain when to reinstate mill production.
3. Disclaimer of opinion is unarguable as conditions remained unfavorable for management complete the mentioned task.
4. The fear of escalation remains high at mill site. A few smaller units in the area have also laid-off some of their employees which has created further disturbance. Due to rise in unemployment in the area, a number of labor individuals coupled with local exploiters have created unrest around mill premises.
5. The sponsors of our company have always added personal loans (quasi-equity) to meet such negative-profitability years. The sponsors are willing to add (quasi) equity, subject to improved business and economic conditions and are ascertaining various options for doing so.

Looking forward to your kind consideration.

Regards,

Syed Abid Raza Zaidi
(Company Secretary)