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Suhail Jute Mills Limited

(Manufacturers of Hessian Cloth, Twine & Bags)

Ref. No. 002/54/03.

Dated 07-07-2022.

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

Dear Sir,

PROGRESS REPORT FOR THE QUARTER ENDED 30 JUNE 2022

We are pleased to provide you with a progress report in respect of Suhail Jute Mills Ltd., for the quarter ended 30 June 2022.

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.

The principal sponsors continue to substantially increase their financial stake in the Company by injecting funds to keep the Company afloat 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.

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. 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, enabling commercial production to be recommenced.

Since the finalization of the merger, we have 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 terms for the same, particularly the front-loading of the consideration for the sale of surplus assets. It is to be appreciated that much of the period in question has been negatively impacted by the depressed economic conditions and the effect of

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the Covid19 pandemic. 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.

The quarter ended 30 June 2022, under report, was characterized by political instability, and crisis-like economic uncertainty which negatively impacted our efforts. Uncertainties with regard to the tax implications in the Budget also contributed to a hands-off approach by potential buyers/ investors.

During the previous quarter, the Company had explored the viability of entering into joint ventures with potential buyers. We have been encouraged by the favorable feedback from potentially interested parties and remain actively engaged with them. We are exploring the financial and legal ramifications of a proposal by an interested party to set up an Industrial Zone under the CPEC umbrella.

The Company renewed the mandate from shareholders for the disposal of assets including securing a mandate to enter into joint ventures for this purpose. The relevant special resolutions were adopted at the Extraordinary General Meeting of the Company's members on 28 of April 2022.

We shall continue to keep you apprised of any developments in this regard

We trust the above is in order.

Yours truly,

For, SUHAIL JUTE MILLS LIMITED



SUHAIL FAROOQ SHAIKH
CHIEF EXECUTIVE