

**THE KARACHI STOCK EXCHANGE (GUARANTEE) LIMITED**

KSE/N-2939

**N O T I C E**

May 12, 2009

Reproduced hereunder the letter received from **MOHAMMAD FAROOQ TEXTILE MILLS LIMITED** for information of members of the Exchange.

(Copy of the same is also available on our Website [www.kse.com.pk](http://www.kse.com.pk)).

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M O H A M M A D F A R O O Q  
T E X T I L E M I L L S L T D

Mr. Haroon Askari  
General Manager, Operations  
Karachi Stock Exchange (Guarantee) Ltd.  
Stock Exchange Building,  
Off: I.I. Chundrigar Road  
Karachi

May 7, 2009

**Re: Show Cause Notice**

Dear Sir,

We are thankful to you for giving us an opportunity to explain our viewpoint in respect of the subject matter.

As discussed the Company has undergone a change in its management which took place on 6<sup>th</sup> February 2008 resulting in Ms. Sabiha Sumar being elected as the Chairperson and Mr. Mukhtar Sumar as the new Chief Executive of the Company.

When the new Board of Directors took over on 6<sup>th</sup> February 2008, the accumulated losses up to 31<sup>st</sup> December 2007 were over Rs.87 million. By grace of God; with extraordinary efforts the Company made a profit of over Rs.31 million in the following six months and closed the year with a reduced loss of Rs.56 million. This trend continued and for the Quarter ending 30<sup>th</sup> September 2008 the Company made a profit of over Rs.10 million as compared to a loss of Rs. 24 million in the corresponding quarter ending 30<sup>th</sup> September 2007. In October 2008 the world markets crashed not only in textiles but in every business and the last few months have seen a crisis of unprecedented magnitude in the world, further compounded by the local economic situation, political crisis and terrorism.

The Company protected itself during these difficult times when the textile industry declined by 24% in this period, due to the following factors:

1. Established brand name both nationally and internationally
  - Largest exporter of Bed Linen to France for the last 5 years
  - Excellent customer base in countries like USA, Canada and Switzerland
  - Established local brands for Lawri and men's wear. Very successful launch of the new brand of Lawn in February 2009.
2. Cost Reduction:
  - Workforce reduction by over 25%
  - Energy achieved over 30% savings through energy conservation.
  - We reduced waste and improved production efficiency

Contd...on Page 2