

THE KARACHI STOCK EXCHANGE (GUARANTEE) LIMITED

KSE/N-189

NOTICE

January 12, 2009

Reproduced hereunder letter received from **GENERTECH PAKISTAN LIMITED**
for information of members of the Exchange

Genertech Pakistan Limited



January 6, 2009

Mr. Haroon Askari
General Manager Operations
Karachi Stock Exchange (Guarantee) Limited
Stock Exchange Building, Stock Exchange Road,
Karachi - 74000.

Sub: SHOW CAUSE NOTICE

Dear Sir,

This refers to your Show Cause Notice (SCN) ref: KSE/Gen-11507 dated December 17, 2008.
In response to your SCN, our submissions are mentioned below;

1. Regarding Compliance of Regulation No. 32(1)(b)

It is submitted that from very early stage of company's operation, the company regularly paid cash / stock dividends to its shareholders for several years as explained below;

	1999-00	1998-99	1997-98	1996-97	1995-96
Cash Dividend	5.00	20.00	17.50	15.00	20.00
Bonus Sahres	10	-	-	-	-

Our regularly submitted accounts proved this fact and sound financial position of the company. Thereafter, from the financial year 2000-01 onward, there was continuous increase in HFO/diesel, which constitutes material portion of the company's generation cost. While at the other hand there was no corresponding increase in electricity tariff. These two factors are beyond the control of the company. This situation continued for last several years and put extreme financial pressure on the company. Thereafter, company tried its hard efforts to continue operation and finally, HFO/Diesel prices reached at unprecedented level and brought swear financial burden and it absorbed handsome financial position of the company. Due to unprecedented high level of raw material without any corresponding support through tariff, the company left with only option to close down its routine operation and work as standby arrangement to its customers. This situation lasted for few years and resulted in notable reduction in sales of the company, hence it added huge amounts as accumulated losses. It is important to mention that, HFO prices and Wapda Tariff, both are beyond the control of the company. Under this situation it seems impossible to earn profit and pay dividend to our honorable shareholders. However, at present HFO prices are coming down to comparatively much lower levels from its highest ever level and it is hoped that, when it will come down to feasible level the company will again starts its regular operation and it will be helpful in improving financial position of the company, then management will be happy to pay dividend to its honorable shareholders.