



SAIF GROUP

KOHAT TEXTILE MILLS LIMITED

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Date: February 21, 2017

Mr. Shafqat Ali
Chief Regulatory Officer
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi

SUBJECT: REVISED FREE FLOAT METHODOLOGY

Dear Sir,

This is with reference to the Pakistan Stock Exchange's notice dated January 25, 2017 regarding the revised "FREE FLOAT" applicable to all listed companies, whereby the companies are required to maintain their minimum "FREE FLOAT" at 25% of their total issued capital and report compliance by January 03, 2018.

As it is on your record, the existing "FREE FLOAT" of this company is as low as 19.33 percent of its issued share capital and bulk of the shares are with the Sponsors directors and in the categories which are excluded from the "FREE FLOAT". It is evident that the company has no power to force its members to divest their shares or not to keep their shares in physical form. Further shares could be issued in the form of right shares which may be considered subject to the company's need and that too shall be proportionate to the existing holding. This action also cannot help to solve the problem as the existing shareholders are not prepared to refuse their entitlement and the increase in the shares capital shall also be diluting earning per share. Resultantly the "FREE FLOAT" percentage is likely to remain the same.

Nonetheless, the Board of Director of the Company has decided to refer the issue to experts to assess the possible measures, in order to bring the existing pattern of shareholding in line with the requirements contained in the PSX Regulations. Accordingly, the information is being collected and response is being prepared. Subsequently, on the basis of expert advice/ approval of the Board of Directors, we will be approaching the Pakistan Stock Exchange. We trust that under the prevailing conditions as discussed above, our submission will be sufficient for your satisfaction.

Yours Truly

Sabir Khan
Company Secretary



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