

THE KARACHI STOCK EXCHANGE (GUARANTEE) LIMITED

KSE/N-291

NOTICE

January 20, 2009

Reproduced hereunder letter received from **KHALID SIRAJ TEXTILE MILLS LIMITED** for information of members of the Exchange



Ittefaq

KHALID SIRAJ TEXTILE MILLS LTD.

467-M Block Model Town Extension, Lahore - Pakistan.
Tel: 042-5201981-86 Fax: 042-5201500

Date: 19-01-2008.

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

Subject: Show Cause Notice – Ref. No. KSE/GEN-11507

Dear sir,

In reply to the show cause notice, we have to state, that it may be well within your knowledge that for the last few years, the textile industry is faced with severe crisis, on account of number of reasons including high cotton prices, exorbitant energy charges, high mark up rate, resulting in substantial increase in cost production, but on the other hand unfortunately the sale price of the yarn has been low. Furthermore, the machinery installed in the mill is pretty old and unable to successfully compete with newly established mills. Of late, the loadshedding and deteriorated overall economic situation, have further aggravated the problem with which we are confronted, like many other units in the textile sector. These unforeseen circumstances, and untoward events have upset the smooth working of the mill. We thus suffered heavy losses and the mill could not declare dividend/bonus certificates. Every effort is being made to overcome these difficulties so that the profit is generated and dividend declared.

We submit, that on our part, there has not been any wilful disregard of listing regulation No.32(1)(b). It is only when the "failure" to declare dividend is intentional, that the penal provision of this regulation is attracted. In our submission, when the inability to declare dividend/bonus certificates is founded on unforeseen adverse circumstances and some supervening events, the imposition of penalty is not called for.

We request imposition of penal action of delisting of the company and its placement on the defaulters counter etc. May kindly be dropped and waived off.

Thanking You.

Yours Sincerely,

(MUHAMMAD NAEEM WAZIR)
Company Secretary