



Nazir Cotton Mills Ltd.

MANUFACTURER & EXPORTERS OF COTTON YARN

Ref: NCML/12/17
December 21, 2019

The Manager
Compliance and Securities Compliance-RAD
Pakistan Stock Exchange Limited
KARACHI.

Submission Regarding Notice for Non-Compliance of Clause 5.11.1(b)(i) and (l) of the PSX Regulation

Attn: Hafiz Maqsood Munshi

Dear Sir,

This is with reference to your letter No. PSX-Gen-6036 dated December 18, 2019, PSX-Gen-5324 dated October 28, 2019 and PSX/N-1375 dated October 28, 2019 and further notices in this regard regarding Non-compliance of 5.11.1(b)(i) and (l) of the PSX Regulation. In this context, we submit as under:-

1. The sponsor directors have obtained orders of the Honorable High Court for reconnection of electricity of the Mill, by their firm determination to restart the Commercial production.

The Wapda is still not obeying the order of the Honorable Lahore High Court Lahore, for which the company has file the application for contempt of court against Wapda.

Moreover, according to the information available, the Government has strong feelings that some practical steps need to be taken to solve the textile industry problems. But it is possible only when the secure reconnection of Electricity.

2. The company plans to boost its financial resources through disposal of its surplus/idle assets in the form of certain plots owned by it and the old Scrapped Machinery. For this purpose, the company called EOGM which was held on May 22, 2019. In the EOGM, it was resolved that the company will change its line of business temporarily and Start Dairy Business.
3. For this purpose, the sponsors advanced the company an interest free sponsor loan of Rs. 5 Million to start the dairy business in the trial basis. The results of the trail run of the dairy business are very successful and it is hoped that in future, the company may grow in this business

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4. At present, the scraped machinery has been disposed of and funds amounting to Rs. 26 Million have been generated. Dairy Farm is under construction which is expected to be completed in the month of January.
5. In the first stage, the capacity of the Dairy Farm is 500 to 1000 animals which will be extended gradually upto 2000 as the passage of time.
6. The company has hired 14 acre land which will be cultivated to meet the fodder etc. requirements of the animals which will be initially sufficient the food requirement of the animals.
7. The company has also install a plant to prepare organic food (wanda) for the animals itself, which will reduce the cost of feeding expenses of the animals.
8. The construction of Farm has been initiated which may take approximately 60 days after which the complete Dairy Farm will be started.
9. The negotiation regarding the sale of a piece of land situated at Pattoki is in under process which is expected to be completed in near future.
10. Moreover, we will provide the further progress regarding the above farm as the progress is made in future.
11. Moreover, the management is trying its best to secure electricity connection as early as possible. Whenever, the company succeeds to secure it, the company will restart its original business of Spinning.

It is clear from the above that the company did not make any default in this regard. So it is requested to kindly remove the name of the company from default segment and wait until the outcome of the coming EOGM of the company and case of Honorable Lahore High Court is decided.

We assure you our best of co-operation

Thanking you.

Yours faithfully,
For NAZIR COTTON MILLS LTD


Maqbool Husain Bhutta
CFO

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