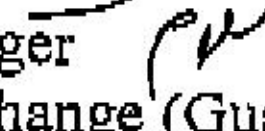




Paramount Spinning Mills Limited

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E-mail: khi@gulistangroup.com.pk

Dated: 05-04-2011

The General Manager 
Karachi Stock Exchange (Guarantee) Limited
Karachi

Dear Sir,

Subject: Merger by way of Amalgamation

This is to inform you that the Board approved the Scheme of Arrangement pertaining to the merger by way of amalgamation of Gulshan Spinning Mills Limited (GSM) and Gulistan Spinning Mills Limited (GTSM) with and into Paramount Spinning Mills Limited (PSM) along with approval of the share swap ratio in relation thereto, consequent upon which the necessary resolution has duly been adopted by the Board unanimously.

The Board for the purpose of the Scheme of Arrangement approved the following swap ratio.

One Ordinary share of the face value of Rs. 10/- each of the Company will be issued to the shareholders of GSM for every 1.1981 ordinary shares of the face value of Rs. 10/- each of GSM held by the shareholders of GSM.

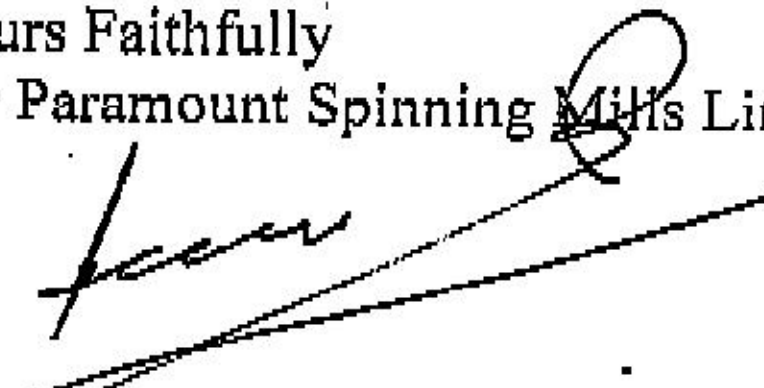
One ordinary share of the face value of Rs. 10/- each of the Company will be issued to the shareholders of GTSM for every 1.766 ordinary shares of the face value of Rs. 10/- each of GTSM held by the shareholders of GTSM

The Board further authorized Mr. Tanveer Ahmed Director/Chief Executive of the Company or Mr. Naseer Ahmed Director of the Company to do all such acts and deeds as are needed in relation to the Scheme of Arrangement on behalf of the Company.

In this relation you will be kept informed as and when necessary.

Thanking you

Yours Faithfully
For Paramount Spinning Mills Ltd


Zameer Q. Siddiqui
Company Secretary