

SAJJAD TEXTILE MILLS LIMITED

MANUFACTURERS AND EXPORTERS OF YARN



Ref. STML/PSX/17522

The Deputy General Manager Operations,
Pakistan Stock Exchange Limited
Stock Exchange Road,
Karachi.

Subject: FREE-FLOAT OF SHARES

Dear Sir.

Kindly refer to the correspondence resting with your letter No. Gen.3596 dated: 16-05-2017 on the subject noted above.

2. It is apprehended that the explanation relating to compliance with Pakistan Stock Exchange's notice dated January 25, 2017 as submitted by us vide letter dated: 27th February, 2017 has unfortunately failed to attract attention of the Exchange. In the said letter, the following submissions were made:-

- (i) That the existing "FREE FLOAT" of Sajjad Textile Mills (the Company) is as low as 7.40 cent of its issued capital and bulk of the shares are with the sponsors, directors and in the categories which are excluded from the scheme of FREE FLOAT:
- (ii) That the company has no power to force its members to divest their shares or not keep their shares in physical form; and
- (iii) That the FREE FLOAT could be increased, if it was possible for the company to issue further capital to the general public other than the existing shareholders. But it is not legally possible. Further shares can be issued in the form of right shares to the existing shares only and that too proportionately. In that case the pattern of shareholding will not change and the position of FREE FLOAT will remain the same.

3. As a last resort, the Board of Directors has decided to seek expert advice so as to find a way to comply with the notification of PSX, if possible. Based on the information so collected and on receipt of advice, we will approach the Exchange in due course for further action, as may be considered appropriate under the prevailing circumstances of the company.

4. A copy of our previous letter is annexed for ready reference.

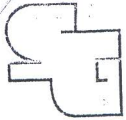
Yours truly

Chief Executive

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Mills: 67 Km, Multan Road, Jumber Kalan, Tehsil Chunian, District Kasur



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MANUFACTURERS AND EXPORTERS OF YARN



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 7.40 cent 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,

Chief Executive

Date: 27 Feb, 2017

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