

SHADMAN COTTON MILLS LIMITED

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S-1107/2011

12th February, 2011

Mr. Muhammad Ghufraan,
DGM Companies Affairs
Karachi Stock Exchange (Guarantee) Limited
Karachi.

Subject: **Financial results for the year ended June 30, 2010**

Dear Sir,

Please refer to your letter dated 21.1.2011 on the above subject.

In this regard our response is as follows:

1. It is stated that a petition J. M. No. 32 of 2010 ("Petition") has been filed before the Hon'ble High Court of Sindh at Karachi by some of the Directors / shareholders of the Company in which Shadman Cotton Mills Limited ("SCML") is a respondent.
2. SCML scheduled a meeting of the board of directors ("Board") on 8.11.2010 of SCML so that the Board of SCML could approve the yearly accounts of SCML and pass resolutions to place the same before the shareholders of SCML at its AGM.
3. However, the petitioners in the said Petition approached the Hon'ble High Court and obtained an order whereby the Board and SCML were restrained from implementing any resolution passed in the said meeting vide order dated 5.11.2010 passed by the Hon'ble high Court of Sindh. Intricate legal proceedings are pending before the Hon'ble High Court of Sindh and Management of the Company is cautious enough to avoid disobedience of the order of Hon'ble Court in letter and spirit.
4. Hence, the scheduled board meeting could not be held in time and as a direct result thereof the AGM of SCML could not be held within the prescribed period and the balance sheet and profit and loss account of SCML could not be laid thereat.
5. From the above it is clear that SCML could not hold the AGM in time or place thereat the balance sheet and profit and loss accounts of SCML as a result of the order of the Hon'ble High Court of Sindh and not due to any negligence or intentional action on part of SCML.
6. The SECP is also a respondent in the said Petition and is aware of the situation in respect of SCML's AGM.

We trust the above would clarify SCML's position in respect of the non-holding of SCML's AGM.

Yours faithfully,
For, SHADMAN COTTON MILLS LTD.,

for SHADMAN COTTON MILLS LTD.

Secretary

