

**AYESHA TEXTILE MILLS LIMITED**

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Ref No. AYS/RPLY/KSE/10

June 28, 2010

Haroon Askari

General Manager Operations,
Karachi Stock Exchange,**Subject:** Placement of Company on the Non-Compliant Segment of the Exchange on account of Default Of Listing Regulation

Dear Sir,

Kindly refer to your letter No. KSE/ Gen-4042 dated June 4, 2010 in which you mentioned that the company will be placed in Non-Compliant Segment under Listing Regulation No. 30(2) w.e.f. July 1, 2010. I would like to draw your attention to the same sub-regulation in Listing Regulation No. 30(2) in which it clearly states the company may have bona fide reasons for not declaring dividends.

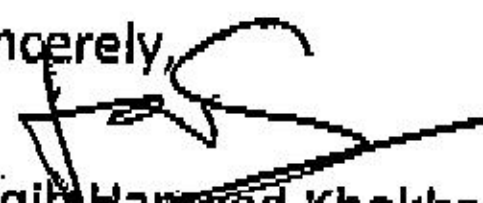
The Bank of Punjab has enforced a covenant on Ayesha Textile Mills Ltd. through correspondence received on 12th October 2009. It strongly advises Ayesha Textile Mills Ltd on declaring the dividend unless the interest cover for the year exceeds 2.0. The Bank Correspondence is attached for your further reference.

Furthermore Ayesha Textile Mills Ltd reported a heavy Loss of Rs. 107.63 Million for the year ended June 30, 2009 and its distributable reserves reduced by 43% due to a disastrous year for the textile industry as a whole. Ayesha Textile Mills Ltd acted in best interest of its banks, creditors and other stakeholders by not distributing the reserves as dividend and focused on organic growth and conserving its resources. The Company did not intentionally declare dividends in an effort to run operations smoothly and major factor of keeping up with Interest Cover Ratio which was then in the negative zone.

The current year has provided much needed relief for the Textile Spinning sector and situation is improving day by day. I ensure you that Ayesha Textile Mills Ltd. will declare dividend if it reports a profit for the year ended June 30, 2010.

We will oblige to serve you if you require any further assistance from us.

Sincerely,


Saqib Hameed Khokhar,
Company Secretary