



KHYBER TEXTILE MILLS LIMITED

Baldher, Distt. Haripur

Website: www.khybertextile.com E-mail: info@khybertextile.com

KTM/AC/2017

25-12-2017

Ref. No. _____

Date: _____

Hafiz Maqsood Munshi
Manager, Companies & Securities Compliance-RAD
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi
Subject:- Placement of Company in the Defaulters Segment.

Dear Sir,

Reference to your letter PSX/Gen-8204 dated December 20th, 2017 vide which KTML's Management has been informed that the Company has been placed on the Defaulters' Segment Under Clause 5.11.1.(1) of the PSX Regulations on receipt of an email from the SECP that a show cause notice to wind up the Company has been issued.

In this regard we are aware of the SECP Show Cause Notice issued to KTML Under Clause (b) Section 309 read with clause (c) of section 305 of the Companies Ordinance 1984 for winding up. KTML's Management has been contesting the issuance of the show cause notice and has appeared before the Deputy Director, Executive Director CSD and Acting Chairman & Commissioner of SECP to explain that the show cause notice has been issued contrary to the spirit of law as the majority shareholders are against liquidation of the Company, and that liquidation will adversely affect the interest of all shareholders during ongoing litigation by financial institution. Kindly note that the financial institution has lost its claim before the Peshawar High Court Banking Judge and has preferred an appeal against the decision which hopefully shall also be dismissed and subsequently credit will become available to our Company. In addition, alternative business activity has commenced on the Mill's premises, making the show cause notice infructuous. Moreover in case an adverse decision is made by the SECP contrary to facts and law, KTML's management intends to appeal any such decision in the appropriate forum.

As per your request our Management will update your office on any developments regarding this matter and we request the same of you.

Yours Sincerely,

For KTML
Company Secretary