



Before Abid Hussain – Executive Director

In the matter of

Gulshan Spinning Mills Limited

Number and date of Show Cause Notice: CSD/ARN/193/2015-3456-57 dated April 24, 2017

Dates of Hearing: May 10, 2017, May 18, 2017, May 25, 2017,
December 20, 2017, January 15, 2018, April 4, 2018,
August 20, 2018, October 31, 2018, February 21, 2019

Authorized Representative: Mr. Abid Amin
Financial Consultant

Mr. Hamza Khokhar
Cornelius Lane & Mufti
Advocate and Solicitors
(Authorized Representatives)

ORDER

Under Clause (c) of Section 301 read with Clause (b) of Section 304 of the Companies Act 2017
[Clause (b) of Section 305 read with Clause (b) of Section 309 of the repealed Companies Ordinance, 1984]

This Order shall dispose of proceedings initiated in the matter of Show Cause Notice (the "SCN") dated April 24, 2017 under Section 309 read with Section 305 of the repealed Companies Ordinance, 1984 (the "Ordinance") which is now replaced with Companies Act, 2017 (the "Act") issued to Gulshan Spinning Mills Limited (the "Company") and its board of directors.

2. The facts leading to this case, briefly stated are that the Company was incorporated in Pakistan under the Ordinance and its shares are listed on Pakistan Stock Exchange Limited. Principal business of the Company is to manufacture and sale of yarn. It was observed that the Company failed to hold two

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NIC Building, 63 Jinnah Avenue,
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consecutive annual general meetings ("AGMs") for the year ended June 30, 2015 and June 30, 2016. In this regard, Company Registration Office (the "CRO"), Karachi approached the Commission for grant of sanction in terms of clause (b) of section 309 read with clause (b) of section 305 of the Ordinance to present a petition before the Honorable High Court for winding up of the Company on the above grounds.

3. Simultaneously with the issuance of SCN, hearing in the matter was fixed on May 10, 2017. M/s Cornelius, Lane & Mufti Advocate and Solicitors ("CLM") vide letter dated May 2, 2017 requested for three weeks' adjournment. The Commission acceded to the request of the authorized representatives and the hearing was therefore fixed on May 18, 2017. CLM vide its letter dated May 17, 2017 requested for ten days adjournment. Hearing was fixed on May 25, 2017. Mr. Shadman Shoaib and Mr. Abid Amin, as Authorized Representative attended the said hearing. Authorized Representatives submitted that the company is in process of settlement with the creditors. The management is trying best to restart the operations and to convene the overdue AGMs. In this regard, they requested for extension till October 31, 2017 for convening the overdue AGM.

4. Subsequently, hearing in the matter was fixed on December 20, 2017. CLM vide its letter dated December 19, 2017 requested to convene hearing in first week of January 2018. Hearing was then fixed on January 15, 2018, which was attended by Mr. Abid Amin and Mr. Hamza Khokhar as Authorized Representative. During the hearing, the Authorized Representatives submitted that audit for the year ended June 30, 2016 is in process and the Company will convene its AGM for the year ended June 30, 2015 by January 31, 2018. Later on, it was noted that the Company convened its AGM for the year ended June 30, 2015 on January 31, 2018. However, the Company failed to convene AGM for the year ended June 30, 2016.

5. In this regard, hearing was again fixed on April 04, 2018, August 20, 2018 and October 31, 2018. It was observed that no one appeared on the said hearing dates. Hearing was then fixed on February 21, 2019, which was attended by Mr. Abid Amin and Mr. Hamza Khokhar as Authorized Representatives. During the hearing, the Authorized Representatives informed that the Company has convened its overdue AGM for the year ended June 30, 2016 on July 16, 2018. Later on, director of the Company vide letter dated February 28, 2019 reiterated that all the pending AGMs under the directions of SECP have already been



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held. It is therefore requested to withdraw the notice issued by SECP and even the token penalty may not be imposed due to financial position of the Company.

6. In terms of notification S.R.O 751(I)/2017 dated August 02, 2017 the power to adjudicated cases under Section 309 of the Ordinance (Section 304 of the Act) has been delegated to Executive Director (Corporate Supervision Department).

7. In view of the aforesaid, I observe that the Company has rectified the default and convened its overdue AGMs for the year ended June 30, 2015 and June 30, 2016 on January 31, 2018 and July 16, 2018 respectively. I therefore drop the proceedings initiated against the Company with no further action.

Abid Hussain
Executive Director

Announced:
March 20, 2019
Islamabad

