



**Before Abid Hussain – Executive Director**

*In the matter of*

**Dewan Salman Fibre Limited**

Number and date of Show Cause Notice: CSD/ARN/210/2015-2762-63 dated February 21, 2017

Dates of Hearing: March 8, 2017, April 26, 2017, May 17, 2017,  
May 29, 2017, June 23, 2017, August 09, 2017,  
August 28, 2017, October 09, 2017, October 31, 2017,  
November 8, 2017, June 28, 2018, November 14, 2018 and  
December 3, 2018

Authorized Representative: Mr. Haroon Iqbal  
Head of Group Treasury

Mr. Muhammad Hanif German  
Company Secretary

Mr. S.M. Raza  
Senior General Manager

**ORDER**

**Under Clause (m) of Section 301 read with Clause (b) of Section 304 of the Companies Act 2017**

This Order shall dispose of proceedings initiated in the matter of Show Cause Notice dated February 21, 2017 (the "SCN") under Section 309 read with Section 305 of the repealed Companies Ordinance, 1984 (the "Ordinance") issued to Dewan Salman Fibre Limited (the "Company") and its board of directors.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 on October 4, 1989 and its shares are listed on Pakistan Stock Exchange. Principal business of the Company is to manufacture and sale of polyester, acrylic fiber and tow products. It was observed that the business of the Company has been suspended for more than a year i.e. since December 2008, as disclosed in the financial statements for the year ended June 30, 2016. Therefore, Company Registration Office, Islamabad approached

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# SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

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the Commission for grant of sanction in terms of clause (b) of section 309 read with clause (c) of section 305 of the Ordinance to present a petition before the Honorable High Court for winding up of the Company.

3. In this regard, the SCN was issued to the Company and to board of directors of the Company, along with the notice of hearing to be held on March 8, 2017. SCN was dispatched to the registered office of the Company however, same was returned undelivered. Afterwards, the Commission vide its letter dated April 17, 2017 forwarded the copy of SCN at the another address of the Company located at Finance and Trade Center, Block A, 8<sup>th</sup> Floor, Shahrah-e-Faisal Karachi and a hearing was fixed for April 26, 2017.

4. In reply to the SCN and hearing notice, Mr. Hanif German, Company Secretary vide his letter dated April 21, 2017 requested to fix hearing after May 15, 2017. While acceding to the request of the Company Secretary, the hearing was rescheduled for May 17, 2017. Later, the Company Secretary vide his letter dated May 15, 2017 submitted that Legal Counsel and Dewan representative were busy in meetings therefore he requested for two-month extension in time of hearing. Request of the Company secretary was not considered tenable, so the hearing was fixed on May 29, 2017, however no one appeared in the hearing. Hearing was thereafter fixed on June 23, 2017, which was attended by Mr. S. M. Raza, being the Authorized Representative. During said hearing, it was decided to hold the case till June 30, 2017. Thereafter, hearing was fixed on August 9, 2017. In response, Company Secretary requested to adjourn the hearing until finalization of financial statements of the company for the year ended June 30, 2017. The request of the company was not accepted, and hearing was fixed on August 28, 2017. The Company Secretary, vide his letter dated August 25, 2017 again requested to adjourn the hearing till 2<sup>nd</sup> week of October 2017.

5. Thereafter the hearing was fixed on October 9, 2017, which was attended by Mr. S.M. Raza and Mr. Hanif German, Company Secretary. During the haring proceedings, the Authorized Representative requested to defer the matter until the convening of Annual General Meeting (the "AGM") to be held on October 31, 2017. He further added that the management is working hard to revive the company and winding up proceedings may hamper the interest of the shareholders/stakeholders. It was therefore decided to rehear the case after holding of the AGM by the Company. The hearing was accordingly fixed on October 31, 2017, which was then re-fixed on November 8, 2017 on the request of the Authorized Representatives.



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During the hearing, it was submitted that the Company held its AGM for the year ended June 30, 2017. The Company is in negotiation with the creditors/banks for restructuring of the group companies. The group management is trying to have a deal with a Korean investor and the winding up of the Company will effect the deal negatively. The Authorized Representative requested six months' time to come up with a solution. The Company was allowed the requested time of six months to undertake revival measures for business of the Company. Thereafter, hearing was fixed on June 28, 2018. During the course of the hearing, Authorized Representative submitted that management is still trying for the revival of the business and are in negotiation with the creditors/banks for the settlement of the loans. He requested some time to settle the matter with lenders.

6. Further to that, a final hearing was fixed on November 14, 2018. However, the Company in response requested for extension up to 1<sup>st</sup> week of December 2018. Hearing was then fixed on December 3, 2018, which was attended by the Authorized Representative. Authorized Representative submitted that the Company is still in discussion with the lenders for settlement of loan. However, the Company is still not able to have some breakthrough in this regard.

7. Before proceeding further, it is necessary to advert to the following relevant provisions of Section 301 and 304 of the Companies Act 2017 (the "Act"), which state as under:

- Section 301 of the Act states that:

*A company may be wound up by the Court-*

*(m) if a listed company suspends its business for a whole year.*

- Section 304 of the Act, states that:

*"An application to the Court for the winding up of a company shall be by petition presented, subject to the provisions of this section, either by the company, or by any creditor or creditors (including any contingent or prospective creditor or creditors), or by any contributory or contributories, or by all or any of the aforesaid parties, together or separately or by the registrar, or by the Commission or by a person authorised by the Commission in that behalf.*



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

9. At this juncture, I would also like to mention here that the operations of the Company are suspended since December 2008, which is also substantiated from Note 1 to Annual audited accounts of the Company for the year ended June 30, 2018. The Company has nil turnover for last 6 years. As on June 30, 2018, the Company has negative shareholders' equity of Rs 10.164 billion (2017: Rs 9.029 billion, negative). SCN in the matter was issued on February 21, 2017 and I have provided ample time and hearing opportunities to the Company to revive its operations and restart its business. I have observed that no concrete efforts have been made by the Company to revive its operations. Authorized Representatives have only argued that the Company is in negotiations with the lenders for settlement of loan. However, after the lapse of two years' time after the issuance of SCN, the Company has still not come up with the workable solution and failed to revive and restart its operations. Relevant provisions of the Act are very clear and unambiguous, which require a company to be wound up in case it suspends its business for the whole year.

10. In view of above, I am of the view that the provisions stated above are attracted and the Company is liable to be wound up. I, therefore, in exercise of the powers conferred on me under Section 304 of the Act (Section 309 of the repealed Ordinance); hereby authorize the Registrar, Company Registration Office Islamabad to present a petition for winding up of the Company.

**ABID HUSSAIN**  
Executive Director  
Corporate Supervision Department

**Announced:**  
March 19, 2019  
Islamabad