



Corporate Supervision Department  
Company Law Division

Before Abid Hussain – Executive Director

*In the matter of*

**Punjab Cotton Mills Limited**

Number and date of notice: CSD/ARN/19/2015-1265 dated December 31, 2015

Date of hearings: January 13, 2016, May 11, 2016, November 3, 2016,  
November 22, 2016 and November 30, 2016.

Present: Mr. Israr Ahmed, Representative  
Mr. Arshad Hussain, Company Secretary and CFO  
(Authorized Representatives)

**ORDER**

**UNDER SECTION 309 READ WITH SECTION 305 OF THE COMPANIES ORDINANCE, 1984**

This order shall dispose of proceedings in the matter of show cause notice dated December 31, 2015 (*the "SCN"*) under Section 309 read with Section 305 of the Companies Ordinance, 1984 (*the "Ordinance"*) issued to Punjab Cotton Mills Limited (*the "Company"*) and directors of the Company.

2. The facts leading to this case, briefly stated, are that the Company Registration Office, Lahore, approached this office 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 on the grounds that the Company's business has been suspended for a whole year i.e. since the year 2008.

3. Subsequently, the SCN was served on the Company and its directors under Section 309 read with Section 305 of the Ordinance to show cause as to why a petition for winding up of the Company may not be presented by the Registrar of Companies to a competent court.

4. A hearing in the matter was fixed for January 13, 2016 however no one appeared thereupon. Another hearing was fixed for May 11, 2016 wherein Mr. Israr Ahmed and Mr. Arshad Hussain, Company Secretary and CFO of the Company (*the "Authorized Representatives"*) appeared. The authorized representatives explained the state of affairs of the Company and informed that 96.3% of shareholding of the Company is held by three individuals and the stake of general public is very low. Other income is being generated from rentals of generators and the sponsors have given



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guarantee. The creditors of the Company have objected to delisting that is why delisted process could not be initiated. It was informed that the company is considering a buy-back of shares and the company will be delisted accordingly. The sponsors of the Company were given an opportunity to start the process of buy-back of shares from minority shareholders and submit documentary evidence in this regard so the minority shareholders' investment could be safeguarded from further losses.

5. The Company vide letter dated May 16, 2016 addressed to the Pakistan Stock Exchange Limited ("PSX") submitted its intention for voluntary delisting from the PSX. The process of buy-back of shares was pursued by the sponsors of the Company and the Commission was intimated about the progress in this regard through written submissions and in further hearings held in the matter on November 3, 2017 and November 30, 2017. The share price of the Company for purpose of buy-back by the sponsors was set by the PSX at Rs.94.43 per share, which as per PSX's notice bearing reference no. PSX/N-416 dated January 18, 2018 is valid up to December 23, 2018 and the Company stands de-listed from PSX with effect from February 19, 2018. The relevant portion of the Notice of PSX is quoted hereunder:

*"Pursuant to the request of delisting of Punjab Cotton Mills Limited and buy-back of shares by the Sponsors of the Company at Rs.94.43 per share during the initial period of 60 days and subsequent submission of undertaking of the Purchase Agent as well as the Sponsors for purchase of remaining shares (valid upto December 23, 2018), The Exchange, in exercise of the powers vested in it under PSX Regulations No. 5.13 and Section 19(5) of the Securities Act 2015, has accepted the request of Delisting of the Company. Accordingly, the Company shall stand de-listed from the Exchange with effect from Monday, February 19, 2018".*

6. I have analyzed the facts of the case and the arguments made during the hearing proceedings and written submissions of the Company. I have also seen the notice of PSX regarding buy-back of shares by the sponsors at a price of Rs.94.43 per share and delisting of the Company from the exchange with effect from February 19, 2018.



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7. In terms of notification S.R.O 1003(I)/2015 dated October 15, 2015 the power to adjudicate cases under Section 309 of the Ordinance has been delegated to Executive Director (Corporate Supervision Department).

8. In view of the foregoing, the facts presented before me and in light of the delisting of the Company with effect from February 19, 2018 subsequent to the buy-back of shares by the sponsors from minority shareholders, I, hereby conclude that the proceedings initiated against the Company be dropped with no further action.

**Abid Hussain**  
Executive Director

**Announced:**  
March 2, 2018  
Islamabad