

Gulistan Spinning Mills Ltd

2nd Floor , Garden Heights, 8-Aibak Block, New Garden
Town , Lahore (Pakistan)
Tel: (92-42) 37175828
info@gulshan.com.pk www.gulshan.com.pk

March 27, 2021

To

The Manager
Companies & Securities Compliance - RAD
Pakistan Stock Exchange Ltd.
Stock Exchange Building
Stock Exchange Road, Karachi

In Re: **NON-COMPLIANCE OF PSX REGULATIONS**

1. This is with reference to your letter No. PSX/Gen-505, dated March 18, 2021, on the captioned subject wherein we have been advised to make payment, transmit annual account for the year ended June 30, 2020 and have also been advised to share progress made with respect to rectification of default of clause 5.11.1.(b) & (I) of PSX regulations.
2. At the outset we would like to inform you that the Auditor of the Company (M/s. Baker Tilly Mehmood Idrees Qamar & Co. Chartered accountants) conducted the audit for the year ending June 30, 2020 and after performing their statutory audit procedure, different discussions, meetings on the financial statements, Auditors had given draft financial statements along with draft report initialed by them on October 05, 2020. Accordingly, the Board of Directors of the Company announced AGM based on the assumption that Auditors will issue signed report. Accordingly, the Company sent AGM notice to all stakeholders, which was to be held on October 27, 2020 at 11:30 AM. The duly initialed auditors report along with financial statement were presented to the shareholders for their approval in the AGM. The Auditors kept on delaying the issuance of signed audited report without any reason. Due to this very attitude of the Auditors, few members recommended the change of Auditors and accordingly the same was included in the agenda item for discussion in the AGM. The members approved the appointment of M/S Malik Haroon Shahid Safdar and Co. Chartered Accountants as Auditors of the Company for the financial year 30 June 2021. The retiring auditors were accordingly informed vide letter dated October 20, 2020. Please note that after getting the notice of change of Auditors from the Company dated October 20, 2020, the Auditors straight away refused to sign the audited report which was already initialed by them on October 05, 2020. The AGM was held on the basis of draft financial statements on the scheduled date and time but auditors refused to issue auditors report. The Company has already informed the Securities and Exchange Commission of Pakistan (SECP) vide its letter dated November 13, 2020 that the Auditors of the Company have refused to sign the audited report of the Company for the financial year ending June 30, 2020. (Copy of the letter dated 13.11.2020 is attached as **Annex-A**).
3. The Auditors resigned from the office of the Auditor of the Company vide its letter dated 14.11.2020, without assigning any reason. It is pertinent to mention here that the company

5/13/21



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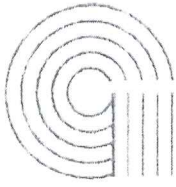
upon receipt of the resignation of the Auditor immediately convened the meeting of the Board of Directors (BOD) of the Company wherein, the BOD was pleased to appoint M/S Malik Haroon Shahid Safdar and Co. Chartered Accountants as Auditors of the Company ("New Auditor") for the financial year ending June 30, 2020. We would also like to mention here that the Company has already appointed M/S Malik Haroon Shahid Safdar and Co. Chartered Accountants as Auditors of the Company for the financial year June 30, 2021, in its Annual General Meeting held on October 27, 2020. However, since Baker Tilly Pakistan has not signed the audited report for the financial year ending June 30, 2020, therefore, the Company will seek direction from the SECP for re-holding the AGM and shall get the signed audited report for the financial year ending June 30, 2020 from the New Auditor, as the casual vacancy created due to resignation of Baker Tilly has immediately been filled by the BOD. (Copy of the resignation letter of the Auditor dated 14.11.2020 is attached as **Annex-B**).

4. It would not be out of context to mention here that the Company upon receipt of the resignation of the Auditor promptly informed SECP about the same vide its letter dated 16.11.2020. (Copy of the letter dated 16.11.2020 is attached as **Annex-C**).
5. In view of the foregoing, we will submit the annual accounts for the year ended June 30, 2020 as soon as the New Auditor will complete the Audit and approval of the same in the AGM to be held after seeking directions from SECP.
6. With respect to rectification of default of clause 5.11.1.(b) & (I) of PSX regulations we have made the following progress:
 - i. The Scheme of Arrangement under section 279 to 283 and 285 of the Companies Act 2017, (Scheme of Arrangement) has been instituted before the Hon'ble Sindh High Court at Karachi vide J.C.M. Petition No. 15/19. The same shall be implemented by the United Bank Ltd. as the Agent in terms of the Scheme of Arrangement after its approval by the Hon'ble Sindh High Court at Karachi. All pending litigation with the Banks will be settled in terms of the Scheme of Arrangement. After settlement of all pending issues the Company will be in a position to make payments to PSX. The Company intends to start trading.

Sincerely,



For and on behalf of
Gulistan Spinning Mills Ltd.



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Annen — A

November 13, 2020

The Registrar of Companies

The Securities and Exchange Commission of Pakistan

Karachi

**SUBJECT: INTIMATION ABOUT REFUSAL OF AUDITORS TO SIGN AUDITED
REPORT OF M/S. GULISTAN SPINNING MILLS LIMITED.**

Dear Sir,

The Company would like to bring some important facts, mentioned below, on record for your kind consideration.

1. M/s. Baker Tilly Mehmood Idrees Qamar & Co. Chartered accountants were appointed as Auditors of the company with the engagement partner Mr. Mehmood FCA (2649) for the financial year ending June 30, 2020.
2. The Auditors conducted the audit for above mentioned period and after performing their statutory audit procedure, different discussions, meetings on the financial statements, Auditors have given draft financial statements along with draft report initialed by them on October 05, 2020.
3. Board of Directors announced AGM based on the assumption that Auditors will issue signed report subsequently after approval of Financial statements from the board. The company sent AGM notice which was to be held on October 27, 2020 at 11:30 AM to all stakeholders. The duly initialed auditors report along with financial statement were presented to the shareholders for their approval in the AGM.
4. Later on, Auditors started delaying to issue signed audited report without any reason. Due to this vary attitude of the Auditors, few members recommended the change of Auditors and accordingly the same was included in the agenda item for discussion in the AGM. The members approved the appointment of M/S Malik Haroon Shahid Safdar and Co. Chartered Accountants as Auditors of the Company for the financial year 30 June 2021. The retiring auditors were accordingly informed vide letter dated 20 October 2020. Please note that after getting the notice of change of Auditors from the company dated 20 October



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2020, the Auditors straight away refused to sign the audited report which was already initialed by them on October 05, 2020.

5. The AGM was held on the basis of draft financial statements on the scheduled date and time but auditors refused to issue auditors report due to the reason of their non-appointment for next year. The auditors are not willing to issue auditors report despite receiving their 50% fee in advance. Please note that it was agreed that upon furnishing the signed auditors report the balance fee shall be paid simultaneously.
6. This letter is issued to bring the matter in your knowledge, the reason why the company is unable to file its audited financial statements with SECP, other authorities, publish on website and other alike forums.
7. We request you to kindly look in the matter and allow us to arrange Audited report from M/s. Baker Tilly Mehmood Idrees Qamar & Co. Chartered accountants or from our new auditors on a later date.

For and on behalf of
M/s. Gulistan Spinning Mills Limited

Muhammad Ijaz
Company Secretary

0331-4729746

cc: Secy Islamabad office

Annexure - B



Baker Tilly Pakistan

Letter No. BTMIQ/2020/04

Date: November 14, 2020

The Board of Directors

Gulistan Spinning Mills Limited
2nd floor, Finally House
I.I. Chundrigar Road, Karachi
Sindh

**RESIGNATION FROM THE OFFICE OF THE AUDITOR OF
GULISTAN SPINNING MILLS LIMITED
FOR THE YEAR ENDED JUNE 30, 2020**

We were appointed as statutory auditor of Gulistan Spinning Mills Limited for the financial year ended June 30, 2020.

We are writing to inform you that we shall not be able to continue holding the office of statutory auditor of your company for the financial year ended June 30, 2020 and hence we tender our resignation with immediate effect.

Thank You

Yours sincerely,

Mehmood A. Razzak

Partner from Lahore office

Baker Tilly Mehmood Idrees Qamar

Chartered Accountants



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Annexure - C

16.11.2020

The Registrar of Companies

The Securities and Exchange Commission of Pakistan

Karachi.

Subject: INTIMATION OF RESIGNATION BY AUDITOR OF THE COMPANY, M/S BAKER TILLY MEHMOOD IDREES QAMAR & CO. CHARTERED ACCOUNTANTS, FOR THE FINANCIAL YEAR ENDING JUNE 30, 2020


We would like to bring into your kind notice that the Company has received today the resignation dated 14.11.2020, from the engagement partner Mr. Mehmood A. Razzak FCA (2649) of M/S Baker Tilly Mehmood Idrees Qamar & Co. Chartered accountants (Baker Tilly). (Copy of the resignation is enclosed for ready reference).

The Company has already apprised you vide its email dated 13.11.2020, and letter dated 13.11.2020, that the Baker Tilly has refused to sign the audited report for the financial year ending June 30, 2020, which has already been initialed by them on October 05, 2020.

Immediately upon receipt of the resignation the meeting of the Board of Directors (BOD) of the Company was convened and the BOD was pleased to appoint the M/S Malik Haroon Shahid Safdar and Co. Chartered Accountants as Auditors of the Company for the financial year ending June 30, 2020. We would also like to mention here that the Company has already appointed M/S Malik Haroon Shahid Safdar and Co. Chartered Accountants as Auditors of the Company for the financial year 30 June 2021, in its Annual General Meeting held on October 27, 2020. However, since Baker Tilly has not signed the audited report for the financial year ending June 30, 2020, therefore, the Company will seek direction from the Commission for re-holding the AGM and shall get the signed audited report for the financial year ending June 30, 2020, as the casual vacancy created due to resignation of Baker Tilly has immediately been filled by the BOD.

Promptly submitted for you information please.

Sincerely,


Company Secretary

✓ Ce: - Securities and Exchange Commission of Pakistan
Islamabad Office