



Reference No. DKL/PSX/201101

Dated: 4<sup>th</sup> November 2020

**Hafiz Maqsood Munshi**  
**Manager**  
**Companies & Securities Compliance – RAD**

Pakistan Stock Exchange Limited  
Stock Exchange Building,  
Stock Exchange Road, Karachi – 74000  
Pakistan.

**Subject: Suspension of trading in the shares of the Company**

Dear Sir,

Reference is made to your letter bearing the above subject matter dated October 26, 2020 bearing Reference No. PSX/Gen-2097 and the Notice of Suspension of Trading in the Shares of Drekkar Kingsway Limited dated October 26, 2020 (the "Impugned Letter and Notice").

It is submitted that the external auditors of Drekkar Kingsway Limited (the "Company") had, on the basis of past accumulated losses of the Company as reported in its Annual Reports for the years 2015-16 and 2016-17, indeed rendered an observation that there was a significant uncertainty as to the ability of the Company to continue its operations as a going concern in the foreseeable future. As discussed specifically below, the Company's external auditors have, in the most recent Annual Reports of the Company for the period ending on June 30, 2020, removed this observation.

Nevertheless, based on the above Annual Reports of the Company for the years 2015-16 and 2016-17, the Securities and Exchange Commission of Pakistan (the "Commission") issued a Show Cause Notice to the Company dated October 3, 2018 under Clause (m) of Section 301 read with Clause (b) of Section 304 of the Companies Act 2017 (the "Companies Act") wherein it was alleged that the Company was liable to be wound up having allegedly suspended its business for a whole year. The Company replied to the said Show Cause Notice through its legal counsels on November 26, 2018 wherein it was clarified that steps were being taken by the Company's management to change the structure and principle line of the Company's business in a bid to bring it back to profitability.

The principal line of business of the Company was in fact successfully changed in the year 2019 vide an amendment to the Memorandum of Association, which was approved by the Commission, and thereafter the Company started generating revenues from its new line of business i.e. consultancy business. The Company generated revenues equal to PKR 1,255,000 during the Financial Year 2018-19 and PKR 2,571,125 during the Financial Year 2019-20.

**DREKKAR KINGSWAY LIMITED**

(Formerly Gauhar Engineering Limited)

Office # 17, 2nd Floor, Aneeq Arcade, I-8 Markaz, Islamabad, Pakistan

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# Drekkar Kingsway

Despite the above, the Commission, acting through the Executive Director (Islamabad), has erroneously passed an order on October 9, 2019 in pursuance of the earlier Show Cause Notice authorizing the Additional Registrar, CRO, Islamabad to present a petition for the winding-up of the Company solely on the ground as specified under Section 301(m) of the Companies Act i.e. "if a listed company suspends its business for a whole year".

It is submitted that the position adopted by the Commission by way of the order dated October 9, 2019 and the filing of a petition for the winding-up of the Company is completely erroneous and unsustainable in terms of the fact that the Company is in fact operational and generating revenues. This fact is evident in the Annual Reports of the Company for the Financial Years 2018-19 and 2019-20, which demonstrate that the Company is, in fact generating revenues. Moreover, the external auditors of the Company have removed their previous adverse observation that there was significant uncertainty as to the ability of the Company to continue its operations as a going concern.

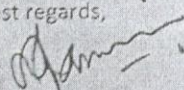
Accordingly, it can in no way be considered that the Company has suspended its operations and hence the ground taken by the Commission for filing of the above-mentioned winding-up petition is not applicable in the given circumstances. The Company intends to vigorously contest the above-mentioned winding-up proceedings and has reasonable expectations that the said petition will be dismissed by the Islamabad High Court or withdrawn by the Commission itself in the given circumstances.

Even otherwise, it is pertinent to mention that the proviso of Rule 5.11.1.(l) of the PSX Rule Book being relied on by PSX is only applicable in the case that a winding up petition is filed by the Commission in terms of Section 304(c) of the Companies Act. The above-mentioned winding-up petition was filed by the Additional Registrar under Section 304(b) of the Companies Act; hence the said proviso pursuant to which the Impugned Letter and Notice have been issued is not even applicable in the instant case.

It is submitted that the Company has rectified its past defaults and is no longer a risk as a going concern as confirmed by the Company's external auditors, and the business of the Company is not suspended. Based on the foregoing, it is clear that the Company is no longer susceptible to the circumstances that previously warranted the placement of the Company on the Defaulter's Counter, or for the suspension of trading of the Company's shares. Accordingly, you are called upon to immediately withdraw the Impugned Letter and Notice and refrain from taking any adverse action against the Company, or the trading of the Company's shares.

Please do not hesitate to contact the undersigned should you require any clarification on the above.

Best regards,

  
Anwer Shamim  
Company Secretary



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