



Corporate Supervision Department  
Company Law Division

Before Abid Hussain – Executive Director

*In the matter of*

**Taj Textile Mills Limited**

Number and date of notice: CSD/ARN/133/2015-516-517 dated September 2, 2015  
Date of hearings: February 1, 2016  
Present: Mr. Tariq Latif  
Authorized Representative

**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 September 2, 2015 under Section 309 read with Section 305 of the Companies Ordinance, 1984 (“Ordinance”) issued to the Taj Textile Mills Limited (the “Company”) and following directors (“respondents”) of the Company;

S.#	Names of Respondents
1	Mr. Jahangir Elahi, Chief Executive
2	Mr. Tanvir Elahi, Director
3	Mr. Amir Jahangir, Director
4	Mr. Shahrukh Elahi, Director
5	Sheikh Muhammad Ashraf, Director
6	Mr. Ashfaq Nadeem, Director
7	Mr. Tariq Latif, Director

2. The facts leading to this case, briefly stated, are that the Company Registration Office, has approached this office for grant of sanction in terms of clause (b) of Section 309 read with clause (b) and (c) of Section 305 of the Ordinance to present a petition before the Honorable High Court for winding up of the Company on the ground that the Company had suspended its business since 2007 and the Company has failed to hold annual general meetings for the year ended June 30, 2013 and 2014.

3. Show cause notice dated September 2, 2015 was served on the Company under Section 309 of the Ordinance indicating the ground to present a petition for winding up of the Company. In order to provide opportunity of personal hearing; case was fixed before the than authorized officer



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Mr. Ali Azeem Ikram, Executive Director on December 21, 2015. The authorized representative Mr. Tariq Latif was advised to provide evidence of holding of AGM's for the year ended June 30, 2013 and 2014, future plan of the Company and opinion of legal advisor regarding pending cases in the court. The authorized representative failed to provide aforesaid documents. In order to provide another opportunity of hearing the case was fixed before the undersigned on February 1, 2016. The authorized representative appeared on behalf of respondents before the undersigned and confirmed that operations of the Company are suspended since 2007 due to financial crisis in the industry and they cannot provide any revival plan till the improvement in the textile sector. He, however, once again failed to provide evidence of holding of AGM's for the years 2013 and 2014 and copies of annual audited accounts for the said year. It is noted that the accounts for the year ended June 30, 2015 have been timely filed with the Commission.

4. In terms of the Commission's notification SRO 1003 (I)/2015 dated October 15, 2015, the powers to adjudicate cases under section 309 of the Ordinance have been delegated to Executive Director (Corporate Supervision Department).

5. Before proceeding further, it would be necessary to look at certain important facts regarding the Company. The Company is a public limited company, incorporated under the Ordinance on March 24, 1986. The shares of the Company are quoted on the then Karachi, Lahore and Islamabad stock exchanges now Pakistan Stock Exchange. The principal business of the Company was textiles manufacturing (spinning and weaving) and sale of yarn and fabric. The record of the Company with the Commission reflects a chequered history of the Company viz-e-viz compliance of the corporate legal framework. The directors of the Company were penalized in 2007 for violating the provisions of Section 208 of the Ordinance. The directors had provided financing to associated company without the approval from the shareholders. Moreover, the financing was disguised as repayment of loan to financial institutions to the tune of Rs. 246.853 million.

6. As per statutory auditor M/s Yaqub & Co., Chartered Accountants, report to the members dated October 9, 2015 the Company incurred a net loss of Rs. 15.092 million for the year ended June 30, 2015. As at June 30, 2015 its accumulated loss is Rs. 1,656.866 million, shareholders' equity is negative by Rs. 1,210.374 million and the Company's current liabilities exceed its current assets by Rs. 1,258.903 million. The operations of the Company have been closed since 2007 and it is



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facing financial crisis in various law suits as mentioned in note 14.1 to the financial statements. There is no sufficient appropriate audit evidence that the management's plans are feasible and the ultimate outcome will improve the Company's current situation.

7. The Lahore High Court in Execution Application No. 16-B/2008 in Civil Original Suit No. 5-2002 certified that Nishat (Chunian) Limited having its registered office at 31-Q Gulberg II Lahore has been declared as the purchaser at a sale conducted through Court Auctioneer held on 5<sup>th</sup> day of September 2012 for the assets of the Company (Spinning unit 1&II) comprising of all present/further buildings/constructions thereon as well as plant and machinery installed or to be installed therein with land measuring 1.2 Kanals for sum of Rs. 350.10 million. Moreover as per note 14.1 to the annual audited accounts for the year ended June 30, 2015 following are the pending adjudications/litigations of the Company as on June 30, 2015.

- a) Bankers Equity Ltd, Escorts Investment Bank Ltd and Royal Bank of Scotland have filed execution petition before the Banking court for recovery of Rs. 11.764 million, Rs. 18.572 million and Rs. 28.756 million respectively.
- b) BRR Modaraba has filed execution petition before the Banking Court for recovery of Rs. 19.042 million.
- c) The Samba Bank Limited lease liability of Rs. 14.707 million to be paid while adjustment of liability as confirmed by the bank.
- d) Habib Bank Limited, Standard Chartered Bank and National Bank of Pakistan have filed suit in the Lahore High Court for the recovery of Rs. 117.468 million, Rs. 109.203 million and Rs. 205.174 million.
- e) NIB Bank Limited has filed a suit in Banking Court for the recovery of Rs. 41.862 million.
- f) United Bank Limited has filed a suit against the Company for recovery of Rs. 116.894 million in Lahore High Court
- g) A suit of Rs. 36.286 million has been filed by Al Baraka Islamic Bank Ltd in Banking Court.
- h) A suit of recovery of Rs. 49.907 million has been filed by Samba Bank Limited in Lahore High Court.

8. In the current circumstances the chances of revival of the Company are remote. The submission presented before me do not indicate any efforts or deliberations made by the



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Company for its revival. From the above discussion and after careful consideration of all the facts and circumstances of the case, I am of the view that the Company is liable to be wound up since its business has been suspended since 2007 and it has failed to demonstrate that the same can be revived.

9. For the forgoing, I, in exercise of the powers conferred on me under Section 309 of the Ordinance, hereby authorize the Registrar, Company Registration Office, Lahore to present a petition for winding up of Taj Textile Mills Limited.

**Abid Hussain**  
Executive Director

**Announced:**  
February 18, 2016  
Islamabad