



Before Abid Hussain – Executive Director

*In the matter of*

**Al Azhar Textile Mills Limited**

Number and date of Show Cause Notice: CSD/ARN/261/2016-757-58 dated November 7, 2017

Dates of Hearing: November 22, 2017, March 5, 2018, August 16, 2018

Authorized Representative: None

**ORDER**

**Under Clause (c) of Section 301 read with Clause (b) of Section 304 of the Companies Act 2017  
(Clause (b) of Section 309 read with Clause (b) of Section 305  
of the repealed Companies Ordinance, 1984)**

This Order shall dispose of proceedings initiated in the matter of Show Cause Notice dated November 7, 2017 (the "SCN") under Section 309 read with Section 305 of the Companies Ordinance, 1984 (the "Ordinance") issued to Al Azhar Textile Mills 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 September 20, 1989 and its shares are listed on Pakistan Stock Exchange (previously Karachi, Lahore and Islamabad Stock Exchanges). Principal business of the Company is manufacture and sale of yarn. It was observed that the Company failed to hold two consecutive annual general meetings ("AGM") i.e. for the year ended June 30, 2015 and June 30, 2016. Hence, Joint Registrar of Companies, Company Registration Office, Multan approached the Commission for grant of sanction in terms of clause (b) of section 309 read with clause (b) 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 failed to hold its AGM for two consecutive years i.e. for the year 2015 and 2016.

3. In this regard, SCN was issued to the Company and to the board of directors of the Company, along with the notice of hearing to be held on November 22, 2017. The SCN was dispatched to the registered office of the Company i.e. Chak 7-BC, 10 KM Hasil Pur Road, Bahawalpur, as available in the record of the Commission. It was however, observed that said SCN was returned by the courier with a



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note that recipient refused to receive the mail. Later on, the Commission vide its letter dated February 27, 2018 issued the hearing notice and fixed the hearing on March 5, 2018. The hearing notice was sent at the head office address of the Company i.e. 4-A Gulgashat Colony, Multan and same was also faxed to the Company. It was again observed that the fax was not delivered and the hearing notice returned as undelivered with the note that the recipient refused to accept the hearing notice. Subsequently, another hearing opportunity was provided by the Commission vide its letter dated July 30, 2018 and fixed the hearing on August 16, 2018. The said hearing notice was yet again not received and returned back.

4. At this juncture, I would also like to mention here that the Company has past history of non-compliances and tagged as a non-responding company. The Commission in another proceeding issued the show cause notice through a public notice published in the newspapers "*Daily Dunya*" in Urdu language and in "*Daily Dawn*" in English language on April 2, 2017. In said notice, the directors were advised to appear before the Commission in their own interest as numerous show cause notices and orders issued under various provisions of the Ordinance were not responded by the Company and its directors. Despite the issuance of public notice, the Commission did not receive any response from the respondents. This demonstrates that the Company is neither approachable and nor responding to the communication of the Commission.

5. Besides the record available with the Commission shows that the Company has not filed its annual audited accounts since year 2015 and the Company did not held its AGM for the year ended June 30, 2017. I have reviewed the last available annual audited accounts of the Company for the year ended June 30, 2014, which shows that the Company had paid up capital of Rs.85.504 million. The Company reported accumulated losses of Rs.741.470 million, which resulted in negative shareholders' equity of Rs.655.966 million. Moreover, said annual accounts reveal a loss of Rs.6.35 million and had loss per share of Rs.0.74. Furthermore, I have observed that the trading in the shares of the Company has been suspended and the Company is on the defaulter counter of the Pakistan Stock Exchange since February 16, 2012.

6. Keeping in view the aforementioned circumstances and especially the non-responsive conduct of the Company, I am constrained to conclude the proceedings based on the record available with the



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Commission. 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-*

*(c) if default is made in holding any two consecutive annual general meetings;*

- 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.*

7. 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).

8. In view of above, I am of the considered view that the provisions stated above have been 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, Multan to present a petition for winding up of the Company.

ABID HUSSAIN  
Executive Director  
Corporate Supervision Department

Announced:  
September 28, 2018  
Islamabad