



**PAKISTAN STOCK EXCHANGE LIMITED**

PSX/N-72

**N O T I C E**

**January 23, 2019**

Reproduced hereunder letter No. CL/083/19 dated January 22, 2019 received from **CHENAB LIMITED**, regarding Status of Winding-Up Petition against the Company, for information of all concerned.

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**Chenab**  
LIMITED

Ref.No.CL/083/19  
Dated:22-01-2019

Hafiz Maqsood Munshi,  
Manager,  
Companies & Securities Compliance-RAD,  
Pakistan Stock Exchange Limited,  
Stock Exchange Building,  
Stock Exchange Road,  
Karachi.

Dear Sir,


**SUBJECT: STATUS OF WINDING-UP PETITION AGAINST THE COMPANY**

This is with reference of your letter No.PSX/C-1082-302 dated January 21, 2018 on the subject.

Copy of Order Sheet issued by Supreme Court of Pakistan is attached for perusal.

Thanking you.

Yours faithfully,  
for and on behalf of  
Official Liquidators CHENAB LIMITED.

  
(MUHAMMAD ARSHAD)  
COMPANY SECRETARY

Encls: As above.

**IN THE SUPREME COURT OF PAKISTAN**  
(Appellate Jurisdiction)

**PRESENT:**

MR. JUSTICE SH. AZMAT SAEED

MR. JUSTICE MUSHIR ALAM

MR. JUSTICE SAJJAD ALI SHAH

(D.O)

**CIVIL MISC. APPLICATIONS NO. 8788 OF 2017 & 10686  
OF 2018 IN/AND CIVIL PETITION NO. 2971 OF 2017**

Against the judgment dated 20.06.2017 passed by the Lahore  
High Court, Lahore in Civil Original No. 43 of 2011.

Chenab Limited thr. Its C.E.O

... Petitioner(s)

Versus

Saudi Pak. Industrial &  
Agriculture Investment Company  
Ltd.

... Respondent (s)

For the Petitioner(s) : Ch. Aitzaz Ahsan, Sr.ASC  
Mr. Gohar Ali Khan, ASC  
Mr. M.S. Khattak, AOR

Respondent No.1 : Shahzada Mazhar, ASC  
Ch. Akhtar Ali, OAR

For the Applicant : Mr. Aftab Alam Yasir ASC  
(in CMA 8788/17) Syed Rifaqat Hussain Shah, AOR

For the Applicant : Mr. Aurangzeb Mirza, ASC  
(in CMA 10686/18)

Date of Hearing : 08.01.2019

**ORDER**

**Mushir Alam, J.-** Petitioner Chenab Limited

has filed instant petition seeking leave against the  
judgment dated 20.06.2017 passed in Civil Original  
No.43 of 2011 whereby the petitioner company was  
ordered to be wound up. Joint Liquidators were

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Court Associate

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appointed to carry out winding up under the Companies Ordinance, 1984 with further directions to submit a statement as to the affairs of the Company in terms of section 328 of the Companies Ordinance, 1984 and file preliminary report in terms of section 329 of the Ordinance, 1984.

2. In brief it appears that company was extended various finance facilities i.e. short term revolving finance, long term finance and even syndicate term finance facilities from the year 2002 to 2008. All facilities so extended were availed and fully secured against various charged documents and personal guarantees of the Sponsors/Directors.

3. It appears that petitioner failed to make repayments after rescheduling/restructuring of the facility as many as 8 times. A sum of Rs.475,828,097/- was outstanding when a legal notice under section 305/306 of the Companies Ordinance, 1984 was served on 22.04.2011 for the recovery of the amount as mentioned in the notice. The notice was evasively replied; which led to the petition under section 305 read with sections 306, 309 and 314 of the Companies Ordinance, 1984 on 24.08.2011 claiming amount in the sum of

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[Signature]



**CIVIL PETITION NO.2971 OF 2017**

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Rs.506,528,143/- as outstanding on 01.06.2011 against various facilities as follows:

Serial No.	Type of Facility	Outstanding amount
1.	Short Term Revolving Finance	Rs.377,359,345/-
2.	Long Term Finance (LTF/EOP)	Rs.13,410,085/-
3.	Long Term Finance (LTF/EOP)	Rs.3,154,273/-
4.	Lease Finance Facility	Rs.2,781,330/-
5.	Syndicate Term Finance Facility	Rs.51,472,019/-
6.	Overdue Markup of Syndicate & Revolving Short Term Finance	Rs.58,351,091/-
Grand Total		Rs.506,528,143/-

The petition was contested though liability was not denied and it was asserted that Company is commercially solvent and is capable to meet all kinds of liabilities and substantial availed facilities have been re-paid. According to the petitioner the respondent has committed breach of various agreements and amount as claimed under various facilities was not disbursed. It was further asserted that internal auditors opined that no amount is payable. Learned Company Judge seized of the matter after taking into consideration the defence put forth noted in paragraph No.8 of the impugned judgment that the financial statement of the petitioner-company ending on June 30, 2010 as well as the annual report of 2010 shows that "a diminishing gross profit starting from the year 2005 which was Rs.1,156,083,000/- in the year 2005 which was reduced to Rs.197,491,000/- in the year

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2010". In such financial statements noted in the successive paragraphs that the auditors have been regularly observing that the company has incurred operating loss running into millions and "*current liabilities have exceeded its current assets*". The report of the directors of the company was also found no different than audited accounts. The learned bench also examined the claim of the re-payment as alleged by the learned counsel for the petitioner elaborately in paragraph No.14 of the impugned judgment. It was noted that the amount alleged to have been paid could not be substantiated, resultantly; the Court came to a conclusion that "*it would be just and equitable to order its winding up. Also from the facts it is clear that the Chenab has lost its substratum and is neither viable nor commercially solvent to discharge its liabilities.*" Consequently, the winding up petition was allowed and company was ordered to be wound up vide impugned judgment.

4. Learned counsel for the petitioner at the very set urged that the company is a going concern and it is not just and equitable to wind up the petitioner company. On 23.08.2017 learned counsel for the petitioner further urged that the petitioner has paid more than the outstanding amount as claimed in the winding up petition. In order to examine such claim, it was ordered

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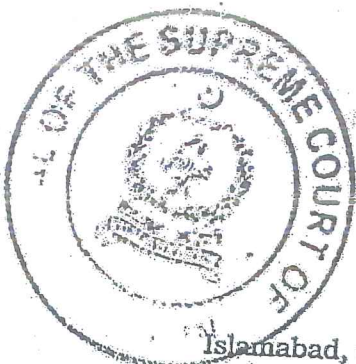


that "in order to ar                      ontention, let the audit report of the petitioner-company be filed prior to the date of filing of the Civil Original No.43 of 2011." In order to explore the possibility of the settlement to save the company from being wound up, notices were issued to the respondents on 23.08.2017. Record shows that matter was adjourned from time to time to enable the petitioner to arrive at a settlement out of the Court. Today when the matter came up for hearing it was reported that settlement could not be arrived at. Learned counsel for the petitioner has drawn our attention to the C.M.A.6211/2017 to show the statement of accounts of the petitioner-company of the Silk Bank to show that amount was credited in the account of the respondent Saudi Pak Industrial and Agricultural Investment Company Limited the respondent herein. The contention as raised before us was also noted by the learned bench of the High court in paragraph No.14 of the impugned judgment. Learned counsel for the petitioner was neither able to demonstrate nor produce any corresponding instrument whereby such amount was paid to the respondent Bank nor there is any instruction to the Silk Bank for re-payment of such amount. From the financial statement for the period covered by the petition has already been noted in the impugned judgment. Financial

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statement of the respondent for the year 2011 to 2016 has been placed on record through C.M.A.6211/2017 and report shows loss each year without any explanation. It was invariably reported by the auditors of the Company that "Company may not be able to realize its assets and discharge its liabilities in the normal course of business". Thus from record it has become clear that Company is unable to pay its debt. Even no amount is shown to have been paid towards re-payment of the outstanding liability under various facilities extended by the respondent and availed by the Petitioner-Company since the date of filing winding up petition on 24.08.2011.

5. Under the facts and circumstances of the case no exception to the impugned order whereby winding up has been ordered could be taken. Accordingly, leave to appeal is refused and petition is dismissed.



Islamabad, the  
08<sup>th</sup> January, 2019  
Syed Farhan Ali

15/1/19

sd/- J  
sd/- J  
sd/- J

Certified to be True Copy

Court Associate  
Supreme Court of Pakistan  
Islamabad

1395/19  
GR No: \_\_\_\_\_ Civil/Criminal  
Date of Presentation: 10-11-19  
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