



Corporate Supervision Department
Company Law Division

Before Tahir Mahmood-Commissioner

In the matter of

Mehr Dastagir Textile Mills Limited

ORDER

Revision Application under Section 484 of the Companies Ordinance, 1984

This Order shall dispose of the revision application filed against the Order dated October 30, 2012 passed by the Mr. Ali Azeem Ikram – Head of Department (Enforcement) whereby in exercising the power conferred by Section 309 of the Companies Ordinance, 1984 (“Ordinance”) the Registrar, Company Registration Office, Multan was authorized to present a petition for winding up of Mehr Dastagir Textile Mills Limited (“Company”) for violating Section 305 of the ordinance as the Company suspended its business since 2009 and has sold all its assets.

2. The review petition under Section 484 of the Ordinance has been filed by the appellant citing the following:

- Head of Department was not justified to say that the Company has stopped its operations since last three years, while according to audited balance sheet 2011 and 2012 the movement of payment/recovery in the current liabilities and current asset can be seen.
- The Company has sold its main assets and is not closed and is not in position to winding up by the court. As per balance sheet some amounts are pending with buyer, suppliers and some amounts are also receivable from Govt. Departments.

3. In order to provide opportunity of personal hearing, the case was fixed before the undersigned for March 7, 2016. Mr. Mushtaq Hussain Naqvi- Company Secretary, representing the appellant, appeared and maintained the same plea as per written submissions and further submitted that some income tax cases are pending in High Court. The representative was advised to provide evidences of cases but he failed to provide the same.

4. In view of the aforesaid, I have concluded that the applicants have repeated somewhat similar submissions that were made by them during the original proceedings. Their pleadings appear to be devoid of merit and do not justify the application for revision. The main contention



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that although the operations of the company have been suspended but there is movement in the accounts with respect recovery and payment of liabilities is not plausible. It's a matter of record that the company after incorporation in 1987 made a public offer for subscription of its shares in the year 1994. The investors/shareholders subscribed to the share of a company engaged in the cotton yarn. The share of the company since then is being traded as share of a textile sector company. I firmly believe that a company which is not in operation as per its main object clause is a non-operating company in terms of the provisions of Section 309 of the Ordinance. Recovery and payment are ancillary to the overall operations of the company. The company cannot be considered operational just because it has outstanding liabilities whereas all its assets i.e. the primary means of its operation have been sold off. The fact that in four years since the impugned order was passed no change has occurred in the company's status further strengthens the view that the company is dysfunctional and fit to be wound up. It has been noted that the impugned order sufficiently discloses all the relevant contentions of the directors and decision has been made after considering the facts available on record. All the contentions of the directors have been properly accounted for and rebutted in the impugned order. It can be safely concluded that the impugned order neither based on misreading or non-reading of evidence nor does it suffer from any illegality or material irregularity affecting the merits of the case. The application for revision of the Order dated October 30, 2012, authorizing the Registrar of Companies to file a winding up petition in the court, is accordingly dismissed. 87


Tahir Mahmood
Commissioner

Announced:
April 11, 2016
Islamabad