Before Mr. Abid Hussain – Executive Director (CSD)

In the matter of

Ali Asghar Textile Mills Limited

Date of Review Application:	August 5, 2016
Date of hearing:	May 9, 2017 & April 2, 2018
Present:	Mr. Rashid Sadiq, CEO, RS Corporate Advisory (Pvt) Limited (the Authorized Representative)

ORDER

Review application by Ali Asghar Textile Mills Limited under sub-section (2) of section 484 of the Companies Ordinance, 1984 with respect to the Order dated June 6, 2016 under section 309 read with section 305 of the Companies Ordinance, 1984

This order shall dispose of the review application dated August 5, 2016 under sub-section 2 of section 484 of the Companies Ordinance, 1984 (*the "Ordinance"*) in respect of the Order dated June 6, 2016 under section 309 read with section 305 of the Ordinance. In terms of the Order under review, proceedings initiated through show cause notice dated March 15, 2016 (*the "SCN"*) were concluded and the concerned registrar was authorized to present a petition for winding up of Ali Asghar Textile Mills Limited (*the "Company"*).

2. The Company's review application submitted by Mr. Rashid Sadiq, CEO, RS Corporate Advisory (Pvt) Limited (*the "Authorized Representative"*) on behalf of the Company. The relevant extracts of the review application are as follows:

Revival Plan:

i. The entire spinning industry of this country has sustained huge losses due to shortage of electricity and other reasons and a large number of textile units had been closed. The Company is one of such units which closed its operation in September 2011 to be revived on availability of abundant supply of electricity and other favorable market opportunities.

Furthermore, as explained by the Company in its reply to the Show Cause Notice, dated 24 May 2016, the contents of which are reiterated herein, the reason that the Company has not been able to function properly is because of the dire economic and law and order situation in the country and only recently in light of the very recent positive developments in the country has the Company been able to formulate a viable revival plan. Due to CPEC and Government financed LNG Projects, there would be abundant supply of gas/electricity and the textile industry has a chance to run its units at full capacity otherwise it is hard to revive the textile business in the prevailing environment.

ii. The Company, however, has not suspended its business and used its assets in the best interest of the Company to generate revenues, which would increase in future. Furthermore, it has earned over Rs. 3.0 million rental income, it is paying its employees, utilities' bills, government taxes, filing statutory returns, getting accounts audited and holding directors and shareholders mandatory meetings;

iii. The Company has indeed come up with a viable plan that will revive the operations of the Company. This plan envisaged the following two business segments: Textile Business:

Textile Business:

Replacement of the existing machinery with 10,000 spindles of latest technology from Chinese and European manufacturers to produce high quality yarn for local and export markets. The total cost of the replacement project would be around Rs. 400 million. It would be financed by 50% equity and 50% debt financing. The Company has already approached financial institutions for this project. The management is confident that the project will generate enough revenues to keep the Company going which will be beneficial for the stakeholders of the Company.

Logistic Hub for Multinational and other Companies:

The Company has 6.25 acres of surplus land with 272,250 Square feet constructed area (Colony & Godowns) in a centrally located area, Korangi Industrial Area Karachi. It has housing accommodation for 500 people. The management had planned to use this facility as a logistic hub for the multinational and other companies. This is already under implementation and the management had leased the following parts of the facility which has started generating reasonable revenues:

1.	M/s Z. Mario	8,350 SQF	Rs	.2,500,000 per annum;
2.	M/s Z. Mario	14,000 SQF	Rs.	4,200,000 per annum;
3.	M/s Abaseen	38 Flats	Rs.	100,000 per annum;
4.	Artistic Milliners	1,000SQF	Rs.	300,000 per annum;
5.	Times Press	3,000 SQF	Rs.	900,000 per annum;

During previous year, a sum of Rs. 3.0 million was earned from this segment. The combined current revenues from the above activity is Rs. 8,000,000 per annum. The Company had also 20,000 SQF Area of warehousing facility which it is negotiating to rent out to multinational companies and logistic firms.

Furthermore, the Company is also seeking its shareholders' approval for the above business plan and will submit special resolution to SECP in due course.

Suspension of Business:

i. The Company has not suspended its business rather it is otherwise that the Company was forced suspension of business of the Company due to electricity shortages and other factors beyond the control of the management. The Company has all the infrastructure in place and will be ready to resume textile segment business once the financial institutions approve the requisite financial assistance.

ii. While the Company is actively involved in commencement of its textile operations, it is actively pursuing its other business segment that has already started earning revenues as can be seen from the contracts entered by the Company with the leading companies.

iii. The Company is also meeting all its statutory obligations which include *inter alia,* the payment of liabilities, seeking credit lines, filing of annual return with the Registrar, holding of annual general meeting, other statutory filings with the Commission and the stock exchange. In the presence of all these activities, it cannot be said that the Company has suspended its business. All these acts directly or indirectly are related or incidental to the business of the Company and which acts are also one of the objects of the Company.

3. The Company's review application was accepted and a hearing opportunity was provided on August 31, 2016 which was adjourned and the next hearing was fixed on May 9, 2017. The Authorized Representative appeared on behalf of the Company and further time was requested for the revival of the Company. The Company was granted six months for revival. The Company vide letter dated February 8, 2018 submitted the half yearly accounts for period ended December 31, 2017 and informed that the rental income of the Company has increased from Rs.2.57 million in July-December 2016 to Rs.7.65 million in July-December 2017. The Company also informed about the improvement of current ratio to 0.89 and addition in fixed assets of Rs.5.5 million to create additional warehousing space. The authorized representative in hearing held on April 2, 2018 and written response dated April 11, 2018 highlighted the increase in rental income. As regards the shareholders' approval the company intended to obtain in a general meeting for the business revival plan, it was submitted that the revival plan of the Company for textile business and the business of logistics/ warehousing has been approved by 94.47% of the shareholders through special resolution in the general meeting held on October 29, 2016.

4. Keeping in view the circumstances explained, the management's intention and efforts to revive the Company and the revenue being generated through rental income, I hereby decide to withdraw the order dated June 6, 2016. The directors of the Company are however advised to fast track the revival of the Company.

5. This order shall be without prejudice to any future proceedings initiated against the Company under any applicable provisions of law.

Abid Hussain
Executive Director
Corporate Supervision Department

Announced:
April 17, 2018
Islamabad