

Corporate Supervision Department
Company Law Division

Before Ali Azeem Ikram – Executive Director (Corporate Supervision Department)

In the matter of

Globe Textile Mills Limited

Number and date of notice: CSD/ARN/172/2015-1021 dated October 14, 2015
Date of hearings: November 19, 2015
Present: Mr. Arif Haji Habib –Chief Executive
Mr. Jawwad Shekha- M/s Shekha & Mufti, Chartered Accountant
Authorized Representative

ORDER

UNDER SECTION 309 READ WITH SECTION 305 OF THE COMPANIES ORDINANCE, 1984

This order shall dispose of show cause proceedings in the matter of Show cause dated October 14, 2015 under Section under Section 309 read with Section 305 of the Companies Ordinance, 1984 (“Ordinance”) issued to the Globe Textile Mills Limited (the “Company”) and following directors (“respondents”) of the Company;

S.#	Names of Respondents
1	Mr. Arif Haji Habib, Chief Executive
2	Ms. Farzana Arif, Director
3	Ms. Gul Bano Haji Habib, Director
4	Mr. Arshad Arif, Director
5	Ms. Misbah Arif, Director
6	Ms. Farzeen Fazl-e-Umer
7	Ms. Sameera Yasin Saya

2. The facts leading to this case, briefly stated, are that the Company Registration Office, Karachi has approached this office for grant of sanction in terms of clause (b) of Section 309 read with clause (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 April 2006.

3. The auditor of the Company M/s Baker Tilly Mehmood Idrees Qamar Chartered Accountants in their report dated October 3, 2014 has highlighted that the Company’s production activities were suspended since April 2006 and subsequently the company sold its entire land and building and a significant portion of plant and machinery and paid off its loan liabilities to the



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lending banks and other creditors. Though there was a discussion upon revival plan/strategy of the future operations of the Company till the year ended June 30, 2008, however, since then the company has not moved forward in this direction and under the present circumstances there appears to be no chance of revival or recommencement of any business activities.

4. Show cause notices dated October 14, 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; the case was fixed before the undersigned on November 19, 2015. Mr. Arif Haji Habib, chief executive of the Company and Mr. Jawwad Shekha, the authorized representative appeared on behalf of respondents before the undersigned and confirmed that operations of the Company are suspended for more than nine years. They however, submitted that it is not intent of respondent to windup the company. The operations are suspended due to shortage of capital and the management is actively looking for prospective buyer. On a query regarding bailout of minority shareholders it was submitted that buy back of minority shares is not possible.

5. 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).

6. Before proceeding further, it would be necessary to look at certain important facts regarding the Company. The Company sold its entire land and building and plant and machinery costing Rs. 479.322 million during the preceding years. Further it incurred net loss after tax of Rs. 37.088 million during the financial year 2014 as compare to net loss after tax Rs. 196.759 million in the preceding year. Moreover, the Company also failed to present a revival plan. Any revival plan for the Company should in the first place include the business it intends to undertake along with feasibility and financial projection. The submission presented before me do not indicate any efforts or deliberations made by the Company.

7. In the current circumstances the chances of revival of the Company are remote. This view is further strengthened by the fact that since the closure of business in 2006, apart from sale of assets there is no change in the status of the Company. In fact sale of plant and machinery has further impaired any realistic chances of revival. The major asset on the balance sheet of the Company is an amount of receivable of Rs.53.736 million from chief executive of the Company Mr.

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Arif Haji Habib. 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. The arguments of the respondents and authorized representative do not hold grounds.

8. 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, Karachi to present a petition for winding up of Globe Textile Mills Limited.

Ali Azeem Ikram

Executive Director
Corporate Supervision Department

Announced:
December 8, 2015
Islamabad