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BEFORE THE HONORABLE LAHORE HIGH COURT, LAHORE
(Company Jurisdiction)

C.O. No. 64872 of 2019

In the matter of **M/s Khalid Siraj Textile Mills Limited**

Additional Registrar of Companies Securities and Exchange Commission of Pakistan, a corporate body established under the Securities & Exchange Commission of Pakistan Act, 1997 having its head office at Islamabad and a Company Registration Office inter alia at Associated House, 3rd and 4th Floor, Associated House, 7-Egerton Road, Lahore.

... Petitioner

Versus

1. **M/s Khalid Siraj Textile Mills Limited** is a public listed company registered under the Companies Ordinance, 1984 having its registered office at 135 - Upper Mall, Lahore through its Chief Executive Officer/Directors.
2. **Tayyab Iqbal** s/o Mian Iqbal Barkat, Chief Executive / Director, Resident of House No. 176/185-H, Model Town, Lahore.
3. **Mrs. Rukhsana Arif** w/o Arif Hameed Butt, Director, Resident of House No. 134 - B, Model Town, Lahore.
4. **Mian Iqbal Barkat** s/o Mian Barkat Ali, Director, Resident of House No. 176/185-H, Model Town, Lahore.
5. **Mian Hassan Barkat** s/o Mian Barkat Ali, Director, Resident of House No. 176/185-H, Model Town, Lahore.
6. **Mrs. Abida Iqbal** w/o Mian Iqbal Barkat, Director, Resident of House No. 176/185-H, Model Town, Lahore.
7. **Mrs. Rafia Hassan** w/o Mian Hassan Barkat, Director, Resident of House No. 176/185-H, Model Town, Lahore.

8. **Tahir Iqbal** s/o Mian Iqbal Barkat, Director, Resident of House No. 176/185-H, Model Town, Lahore.

.....Respondents

9. **Pakistan Stock Exchange** situated at LSE Plaza, 19-Khayaban-e-Aiwan-e-Iqbal, Lahore.

..... Performa Respondent

PETITION UNDER SECTION 301 READ WITH SECTION 304 OF THE COMPANIES ACT, 2017 READ WITH ALL OTHER ENABLING PROVISIONS OF LAW FOR WINDING UP OF RESPONDENT NO. 1 COMPANY

Respectfully *Sheweth*:-

1. That the names and addresses of the parties as given in the title of the Petition are true and correct as per the record maintained by the office of the Petitioner and the same are sufficient for the purpose of effecting service upon them.
2. That the Petitioner is an officer of the Securities & Exchange Commission of Pakistan ("**SECP**") established under the *Securities and Exchange Commission of Pakistan Act, 1997* for, *inter alia*, the superintendence and control of the corporate entities and for matters connected therewith and incidental thereto. The Petitioner, being the Additional Registrar of Companies at the Companies Registration Office, Lahore, SECP, is fully conversant with the facts of this instant petition and is duly authorized under *Section 304(b) of the Companies Act, 2017* (the "**Act**") to present this Petition before this Hon'ble Court after taking due sanction in this regard from the Commission.
3. That the Respondent No.1 company namely, M/s Khalid Siraj Textile Mills Limited, (hereinafter to be referred as the "**Company**") was primarily incorporated with the Petitioner on January 17th, 1988 vide Company Registration No. L 00622 under the then Companies Ordinance of 1984 and later traded as a Public Limited Company and its shares are quoted on Pakistan Stock Exchange (previously Karachi, Lahore and Islamabad Stock Exchange) which is impleaded as performa Respondent in the present petition and no relief has been sought against it.

(The copy of the Certificate of Incorporation is appended herewith as Annexure 'A')

4. That as per latest Form-21 dated 06-08-2015 submitted by the Company with the Petitioner, the registered office of the Company is reported to be situated at 135-Upper Mall, Lahore.

(The copy of Form 21 dated 06-08-2015 is appended herewith as Annexure 'B')

5. That the authorized capital of the Company is Rs. 120,000,000/-, divided into 12,000,000 ordinary shares at Rs. 10/-. While the paid-up capital of the Company is Rs. 107,000,000/- divided into 17,000,000 ordinary shares of Rs.10/- as per Form A made upto 27-11-2018 submitted by the Respondent Company. That as per latest Form-29 dated 28-03-2019 Respondent No. 2 is CEO/Director of the Company while Respondents No. 3 to 8 are Directors of the Company.

(Copy of latest Form A of the Company made up to 27/11/2018 and copy of latest Form 29 dated 28/03/2019 are appended herewith as Annexures 'C' & 'D')

6. That as per memorandum of the Company, the purpose for which the Company was incorporated amongst others, inter alia, were:

"To carry on business of spinning, doubling or otherwise manufacturing of cotton and synthetic yarn, weaving or otherwise manufacturing cloth and fabrics of all types, making of readymade garments and wearing apparel, processing finishing and sprinting of clothes and fabrics etc....."

(Copy of Memorandum of Association and Articles of Association are attached as Annexures 'E' & 'F')

7. That the Company Registration Office, Lahore (CRO), while examining the annual returns of the Company has observed that the Company has ceased its operations since November 2013 as mentioned in note 4.3 of the financial statements and audited accounts of the Company for year end June 30, 2016. Further the Company has accruing huge financial loss due to ceased of operations and lack of funds. Despite this, the statutory auditors of the Company has also given various adverse opinion in its report to the assumption of the Company as a going concern.

(Copy of Financial Statement Audit Report for year end June 30, 2016 is attached as Annexure 'G')

8. That in light of the above-mentioned facts and information, the registrar concerned vide Inter Office Memo (IOM) dated 06-01-2017 approached the Commission for grant of sanction in terms of section 305 (c) read with clause (b) of section 309 of the repealed Companies Ordinance, 1984 (the "Ordinance") in order to enable him to present a petition before this Honorable Court for winding up of the Company in terms of clause (c) of

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ordinance

section 305 of the Ordinance. The provisions of section 309 (b) of the ~~Act~~ stipulates that the registrar shall not be entitled to present a petition for the winding up of a company unless the previous sanction of the Commission has been obtained for presentation of the petition. It further provides that no such sanction shall be given unless the Company has first been afforded an opportunity of making a representation and of being heard.

(Copy of the IOM dated 06-01-2017 is appended herewith as Annexure 'H')

9. That in order to comply with the mandatory requirements of law and to meet the ends of justice, a show cause notice dated January 26, 2017 (the "SCN") was issued to the Company and its Chief Executive at the registered office of the Company to explain in writing and to appear in person or through authorized representative for hearing on February 15, 2017 in terms of clause (c) of section 305 read with section 309 (b) of the repealed Companies Ordinance, 1984 and to explain as to why sanction required by the registrar concerned may not be granted for filing the winding up petition before this Honorable Court.

(Copy of the Show Cause Notice dated 26-01-2017 is appended herewith as Annexure 'I')

10. That no one appeared on the date fixed for hearing nor any written response was received from the Company. The Commission again issued the Company and its Directors another hearing notice dated April 19th, 2017 and directed the Company and its Directors to appear either in person or through authorized representative on May 3rd, 2017 in order to present their stance. That on the rescheduled date of hearing on May 03, 2017 Mr. Naeem Wazir appeared on behalf of the Respondent No. 1 and requested for time as the company is in process of restarting its production. Upon request, the proceedings in the SCN was deferred for three (3) months.

(Copy of the hearing notice dated 19-04-2017 and proceedings thereof is appended herewith as Annexure 'J')

11. That considering the aforementioned request of the Company, an opportunity of hearing was fixed on September 11, 2017. Mr. Muhammad Sarwar, being authorized representative of the Company appeared on the said date of hearing and requested further time for resumption of the operations. Another opportunity of hearing was provided to the Company on January 10, 2018. Mr. Fahim Sikandar, being authorized representative of the Company, appeared on the date of hearing and informed the operations have been closed again in July; directors are arranging funds for working capital and option of delisting is also under consideration by the directors. However, Mr. Fahim failed to provide any evidence with respect

to any negotiations with banks, viability plans for restarting operations or concrete steps taken for revival of the Company. On request of the Company, fifteen (15) days were provided to revert with submissions before the undersigned. The Company failed to provide any written submissions and Respondent No. 2 appeared before the Commission on February 08, 2018. The Respondent No. 2 has stated that the Company is hopeful that all the issues will be resolved. The Respondent No. 2 has assured that the results of revival measures undertaken by the Company shall be depicted in the annual audited financial statements for the year ended June 30, 2018.

12. That in view of the above submissions assuring revival of operations, the financial statements for year ended June 20, 2018 were examined and it transpired that the operations of the Company remained ceased. During the year, the Company had incurred a net loss of Rs. 75.776 million resulting in accumulated losses of Rs. 429.102 million. Moreover, the auditors, Kamran & Co. Chartered Accountants had expressed an adverse opinion in their report to members regarding the financial position of the Company as at June 30, 2018. In view of the continued closure of operations, a hearing in the matter was scheduled on December 27, 2018 vide hearing notice dated November 27, 2018. Respondent No. 2 along with his Account Officer Mr. Naeem Wazir attended the hearing. It was reasserted that the Company is hopeful that initiatives taken by the government shall help to revive the Company. Upon query of the Commission as to why the Company could not rely on sales to local buyers, the Company stated that it is reliant on exports. Further, the Respondent No. 2 once again requested time for resolving operational issues and addressing observations of the auditors of the Company.

(Copy of Financial Statement Audit Report for year end June 30, 2018 and hearing notice dated 27-11-2018 are attached as Annexures 'K' & 'L')

13. That after hearing the Respondents, the comments of the authorized representative of the Company were not found to be cogent as the Respondents primary focus was on past events or uncertain future of the Company. Despite giving ample opportunity and considerable time, extending to more than two years to provide plans or evidence validating the assertions made by Respondents during the hearing. The Respondents were completely failed to provide any concrete plan and the Company remained closed and stagnant. Keeping in view all the factors and financial condition of the Company, the Commission has granted sanction to the concerned registrar to file winding up petition of the Company vide order dated August 07, 2019.

(Copy of the Sanction Order dated 07-08-2019 is appended herewith as Annexure 'M')

4. That in addition to above, the Auditors' of the Company in their audit report to members for the year end June 30, 2018 has opined that the Company is non-going concern due to its negative equity and liabilities way beyond its assets. The statutory Auditors in their Note 1.1 has stated:

"As explained in Note 4.3. to the financial statements, the company has incurred a net loss of Rs. 75.766 million (2017: Rs. 61.40 million) resulting in accumulated losses of Rs. 429.102 million (2017: Rs. 371.899 million) at the close of year ended June 30, 2018. The company's current liabilities exceed its current assets by Rs. 208.679 million (2017: Rs. 152.572 million). The company is facing operational and financial crisis and have lost key management without replacement and the commercial operations of the company are ceased. These conditions indicate the existence material uncertainty which may cast a significant doubt about the Company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in normal course of business"

This same fact was also mentioned by the statutory auditors' of the Company in their audit report for the year end June 30, 2017 which is as under:

"As explained in Note 4.3. to the financial statements, the company has incurred a net loss of Rs. 61.640 million (2016: Rs. 49.946 million) resulting in accumulated losses of Rs. 371.899 million (2016: Rs. 330.578 million) at the close of year ended June 30, 2017. The company's current liabilities exceed its current assets by Rs. 128.514 million (2016: Rs. 133.055 million). The company is facing operational and financial crisis and have lost key management without replacement and the commercial operations of the company are ceased. These conditions indicate the existence material uncertainty which may cast a significant doubt about the Company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in normal course of business"

(Copy of Financial Statement for year end June 30, 2017 is appended herewith as Annexure 'N')

15. That the Respondent No. 1 Company is liable to be wound-up, inter alia, on the following:

GROUND

A. That the Respondent Company has closed its business/operation since November, 2013 as mentioned in the Company's statutory Auditors' report for year end June 30, 2016. The Respondent No. 1 Company has also failed to provide any concrete plan to the Commission for its revival and due to

which it is observed that prima facie, the business of the Respondent Company has been suspended for the same period.

- B. That the chartered accountant/auditor, M/s. Kamran & Co. Chartered Accountants has categorically mentioned in their audited reports for the years end 2016 to 2018 that the Company has suspended its business since November 2013 and keeping in view its negative equity, liabilities far exceeds than its assets, non-compliances and cessation of commercial operations of the Company, cast a huge doubt on Company's ability to continue as a going concern.
- C. That the Company has suspended its business since the year 2013. The accounts of the Respondent No. 1 for the years ended June 30, 2016 and Director's report reflect a status quo regarding affairs of the Company and do not include any concrete plan for the revival of the Respondent No. 1 / Company.
- D. Furthermore, the Auditors' of the Company have been giving adverse opinions in their reports to members on the accounts for the year end 30-06-2016 to June 30, 2018 and the same was prepared keeping in view the Respondent Company as a non-going concern.
- E. That it is evident from the facts mentioned in the audit reports of the Company for year end June 30, 2016 to June 30, 2018 that the Company is continuously suffering loss huge losses by every passing year which also cast a huge doubt on Company's abilities to continue as a going-concern.
- F. That it is settled principle of law that "*a listed company*" is liable to be wound up clause (m) of section 301 the Companies Act, 2017 if it ceases its business for a whole year.
- G. That the substratum of the Respondent Company has been lost, as the Company has admittedly closed its operation since 2013 and resultantly not doing any business since then. Reliance is placed on (PLD 1990 SC 763).

- H. That the company is unable to pay its debts and its current liabilities are far exceeded than its current assets as also depicts in Auditors report to its members.
- I. That in the circumstances mentioned above and under the provisions of the section 301 and 304 of the Companies Act, 2017, the Respondent No. 1/Company is liable to be wound up.
- J. That additional grounds may kindly be allowed to be raised during the proceedings of the petition.
- K. That in view of the above it is therefore in the interest of justice and also just and equitable that the Respondent Company (i.e M/s. Khalid Siraj Textile Mills Limited) may kindly be wound-up.

PRAYER:


It is, therefore, most respectfully prayed that this Honorable Court may be pleased:

- A. To order the Winding-Up of the Respondent No. 1 Company (i.e. M/s. Khalid Siraj Textile Mills Limited) under the provisions of the Companies Act, 2017;
- B. To appoint an Official Liquidator/Provisional Manager to conduct the winding-up proceedings and perform related duties, and be directed to record the statement of affairs of the Company within the contemplation of Section 320 of the Companies Act, 2017;
- C. To order appropriate proceedings against the Chief Executive and Directors (Respondent No. 2 to 8) of the Respondent No. 1 Company; and
- D. To pass such further order or orders and to issue all consequential and necessary directions as this Honorable Court may deem fit and proper in the circumstances.
- E. To order the Respondent No. 1 Company to pay the costs of the instant petition;

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Any other relief which this Honorable Court deems fit and proper in the peculiar circumstances of the instant petition may very kindly be awarded.

Petitioner (SECP)
Syed Iftikhar ul Hasan Naqvi
Additional Registrar of Companies
Securities & Exchange Commission of Pakistan
Company Registration Office
Lahore.


(Syed Iftikhar-ul-Hasan Naqvi)
Additional Registrar of Companies
In-charge Company Registration Office, Lahore.

Through Counsel:



Ruman Bilal
Advocate High Court
C.C. No. # P-GW-48254
CNIC: 34101-6280940-7
Mob: 0322-3110111

Certificate:

As per instructions by the Petitioner, it is the First Petition on the subject matter.


Advocate

BEFORE THE HONORABLE LAHORE HIGH COURT, LAHORE
(Company Jurisdiction)

C.O. No. _____ of 2019

Additional Registrar of Companies

Versus

M/s Khalid Siraj Textile Mills Limited etc.

**PETITION UNDER SECTION 301 READ WITH SECTION 304 OF THE
COMPANIES ACT, 2017 READ WITH ALL OTHER ENABLING
PROVISIONS OF LAW FOR WINDING UP OF RESPONDENT NO. 1
COMPANY**

Affidavit of: Mr. Syed Iftikhar-ul-Hasan Naqvi, Additional Registrar of
Companies, Securities & Exchange Commission of Pakistan, In-
charge Company Registration Office 3rd & 4th Floor, Associated
House, 7-Egerton Road, Lahore

I, the above deponent, do hereby solemnly affirm and declare as under:-

Respectfully *Sheweth*:-

1. That the names and addresses of the parties as given in the title of the Petition are true and correct as per the record maintained by the office of the Petitioner and the same are sufficient for the purpose of effecting service upon them.
2. That the Petitioner is an officer of the Securities & Exchange Commission of Pakistan ("SECP") established under the *Securities and Exchange Commission of Pakistan Act, 1997* for, *inter alia*, the superintendence and control of the corporate entities and for matters connected therewith and incidental thereto. The Petitioner, being the Additional Registrar of Companies at the Companies Registration Office, Lahore, SECP, is fully conversant with the facts of this instant petition and is duly authorized under *Section 304(b) of the Companies Act, 2017* (the "Act") to present this

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Petition before this Hon'ble Court after taking due sanction in this regard from the Commission.

3. That the Respondent No.1 company namely, M/s Khalid Siraj Textile Mills Limited, (hereinafter to be referred as the "**Company**") was primarily incorporated with the Petitioner on January 17th, 1988 vide Company Registration No. L 00622 under the then Companies Ordinance of 1984 and later traded as a Public Limited Company and its shares are quoted on Pakistan Stock Exchange (previously Karachi, Lahore and Islamabad Stock Exchange) which is impleaded as perma Respondent in the present petition and no relief has been sought against it.

(The copy of the Certificate of Incorporation is appended herewith as Annexure 'A')

4. That as per latest Form-21 dated 06-08-2015 submitted by the Company with the Petitioner, the registered office of the Company is reported to be situated at 135-Upper Mall, Lahore.

(The copy of Form 21 dated 06-08-2015 is appended herewith as Annexure 'B')

5. That the authorized capital of the Company is Rs. 120,000,000/-, divided into 12,000,000 ordinary shares at Rs. 10/-. While the paid-up capital of the Company is Rs. 107,000,000/- divided into 17,000,000 ordinary shares of Rs.10/- as per Form A made upto 27-11-2018 submitted by the Respondent Company. That as per latest Form-29 dated 28-03-2019 Respondent No. 2 is CEO/Director of the Company while Respondents No. 3 to 8 are Directors of the Company.

(Copy of latest Form A of the Company made up to 27/11/2018 and copy of latest Form 29 dated 28/03/2019 are appended herewith as Annexures 'C' & 'D')

6. That as per memorandum of the Company, the purpose for which the Company was incorporated amongst others, inter alia, were:

"To carry on business of spinning, doubling or otherwise manufacturing of cotton and synthetic yarn, weaving or otherwise manufacturing cloth and fabrics of all types, making of readymade garments and wearing apparel, processing finishing and sprinting of clothes and fabrics etc....."

(Copy of Memorandum of Association and Articles of Association are attached as Annexures 'E' & 'F')

7. That the Company Registration Office, Lahore (**CRO**), while examining the annual returns of the Company has observed that the Company has ceased its operations since November 2013 as mentioned in note 4.3 of the financial

statements and audited accounts of the Company for year end June 30, 2016. Further the Company has accruing huge financial loss due to ceased of operations and lack of funds. Despite this, the statutory auditors of the Company has also given various adverse opinion in its report to the assumption of the Company as a going concern.

(Copy of Financial Statement Audit Report for year end June 30, 2016 is attached as Annexure 'G')

8. That in light of the above-mentioned facts and information, the registrar concerned vide Inter Office Memo (IOM) dated 06-01-2017 approached the Commission for grant of sanction in terms of section 305 (c) read with clause (b) of section 309 of the repealed Companies Ordinance, 1984 (the "Ordinance") in order to enable him to present a petition before this Honorable Court for winding up of the Company in terms of clause (c) of section 305 of the Ordinance. The provisions of section 309 (b) of the Act stipulates that the registrar shall not be entitled to present a petition for the winding up of a company unless the previous sanction of the Commission has been obtained for presentation of the petition. It further provides that no such sanction shall be given unless the Company has first been afforded an opportunity of making a representation and of being heard.

(Copy of the IOM dated 06-01-2017 is appended herewith as Annexure 'H')

9. That in order to comply with the mandatory requirements of law and to meet the ends of justice, a show cause notice dated January 26, 2017 (the "SCN") was issued to the Company and its Chief Executive at the registered office of the Company to explain in writing and to appear in person or through authorized representative for hearing on February 15, 2017 in terms of clause (c) of section 305 read with section 309 (b) of the repealed Companies Ordinance, 1984 and to explain as to why sanction required by the registrar concerned may not be granted for filing the winding up petition before this Honorable Court.

(Copy of the Show Cause Notice dated 26-01-2017 is appended herewith as Annexure 'I')

10. That no one appeared on the date fixed for hearing nor any written response was received from the Company. The Commission again issued the Company and its Directors another hearing notice dated April 19th, 2017 and directed the Company and its Directors to appear either in person or through authorized representative on May 3rd, 2017 in order to present their stance. That on the rescheduled date of hearing on May 03, 2017 Mr. Naeem Wazir appeared on behalf of the Respondent No. 1 and requested for time as the company is in process of restarting its production. Upon request, the proceedings in the SCN was deferred for three (3) months.

(Copy of the hearing notice dated 19-04-2017 and proceedings thereof is appended herewith as Annexure 'J')

11. That considering the aforementioned request of the Company, an opportunity of hearing was fixed on September 11, 2017. Mr. Muhammad Sarwar, being authorized representative of the Company appeared on the said date of hearing and requested further time for resumption of the operations. Another opportunity of hearing was provided to the Company on January 10, 2018. Mr. Fahim Sikandar, being authorized representative of the Company, appeared on the date of hearing and informed the operations have been closed again in July; directors are arranging funds for working capital and option of delisting is also under consideration by the directors. However, Mr. Fahim failed to provide any evidence with respect to any negotiations with banks, viability plans for restarting operations or concrete steps taken for revival of the Company. On request of the Company, fifteen (15) days were provided to revert with submissions before the undersigned. The Company failed to provide any written submissions and Respondent No. 2 appeared before the Commission on February 08, 2018. The Respondent No. 2 has stated that the Company is hopeful that all the issues will be resolved. The Respondent No. 2 has assured that the results of revival measures undertaken by the Company shall be depicted in the annual audited financial statements for the year ended June 30, 2018.
12. That in view of the above submissions assuring revival of operations, the financial statements for year ended June 20, 2018 were examined and it transpired that the operations of the Company remained ceased. During the year, the Company had incurred a net loss of Rs. 75.776 million resulting in accumulated losses of Rs. 429.102 million. Moreover, the auditors, Kamran & Co. Chartered Accountants had expressed an adverse opinion in their report to members regarding the financial position of the Company as at June 30, 2018. In view of the continued closure of operations, a hearing in the matter was scheduled on December 27, 2018 vide hearing notice dated November 27, 2018. Respondent No. 2 along with his Account Officer Mr. Naeem Wazir attended the hearing. It was reasserted that the Company is hopeful that initiatives taken by the government shall help to revive the Company. Upon query of the Commission as to why the Company could not rely on sales to local buyers, the Company stated that it is reliant on exports. Further, the Respondent No. 2 once again requested time for resolving operational issues and addressing observations of the auditors of the Company.

(Copy of Financial Statement Audit Report for year end June 30, 2018 and hearing notice dated 27-11-2018 are attached as Annexures 'K' & 'L')

13. That after hearing the Respondents, the comments of the authorized representative of the Company were not found to be cogent as the Respondents primary focus was on past events or uncertain future of the Company. Despite giving ample opportunity and considerable time, extending to more than two years to provide plans or evidence validating the assertions made by Respondents during the hearing. The Respondents were completely failed to provide any concrete plan and the Company remained closed and stagnant. Keeping in view all the factors and financial condition of the Company, the Commission has granted sanction to the concerned registrar to file winding up petition of the Company vide order dated August 07, 2019.

(Copy of the Sanction Order dated 07-08-2019 is appended herewith as Annexure 'M')

14. That in addition to above, the Auditors' of the Company in their audit report to members for the year end June 30, 2018 has opined that the Company is non-going concern due to its negative equity and liabilities way beyond its assets. The statutory Auditors in their Note 1.1 has stated:

"As explained in Note 4.3. to the financial statements, the company has incurred a net loss of Rs. 75.766 million (2017: Rs. 61.40 million) resulting in accumulated losses of Rs. 429.102 million (2017: Rs. 371.899 million) at the close of year ended June 30, 2018. The company's current liabilities exceed its current assets by Rs. 208.679 million (2017: Rs. 152.572 million). The company is facing operational and financial crisis and have lost key management without replacement and the commercial operations of the company are ceased. These conditions indicate the existence material uncertainty which may cast a significant doubt about the Company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in normal course of business"

This same fact was also mentioned by the statutory auditors' of the Company in their audit report for the year end June 30, 2017 which is as under:

"As explained in Note 4.3. to the financial statements, the company has incurred a net loss of Rs. 61.640 million (2016: Rs. 49.946 million) resulting in accumulated losses of Rs. 371.899 million (2016: Rs. 330.578 million) at the close of year ended June 30, 2017. The company's current liabilities exceed its current assets by Rs. 128.514 million (2016: Rs. 133.055 million). The company is facing operational and financial crisis and have lost key management without replacement and the commercial operations of the company are ceased. These conditions indicate the existence material uncertainty which may cast a significant doubt about the Company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in normal course of business"

(Copy of Financial Statement for year end June 30, 2017 is appended herewith as Annexure 'N')

15. That the Respondent No. 1 Company is liable to be wound-up, inter alia, on the following:

GROUNDS

- A. That the Respondent Company has closed its business/operation since November, 2013 as mentioned in the Company's statutory Auditors' report for year end June 30, 2016. The Respondent No. 1 Company has also failed to provide any concrete plan to the Commission for its revival and due to which it is observed that prima facie, the business of the Respondent Company has been suspended for the same period.
- B. That the chartered accountant/auditor, M/s. Kamran & Co. Chartered Accountants has categorically mentioned in their audited reports for the years end 2016 to 2018 that the Company has suspended its business since November 2013 and keeping in view its negative equity, liabilities far exceeds than its assets, non-compliances and cessation of commercial operations of the Company, cast a huge doubt on Company's ability to continue as a going concern.
- C. That the Company has suspended its business since the year 2013. The accounts of the Respondent No. 1 for the years ended June 30, 2016 and Director's report reflect a status quo regarding affairs of the Company and do not include any concrete plan for the revival of the Respondent No. 1 / Company.
- D. Furthermore, the Auditors' of the Company have been giving adverse opinions in their reports to members on the accounts for the year end 30-06-2016 to June 30, 2018 and the same was prepared keeping in view the Respondent Company as a non-going concern.
- E. That it is evident from the facts mentioned in the audit reports of the Company for year end June 30, 2016 to June 30, 2018 that the Company is continuously suffering loss huge losses by every passing year which also cast a huge doubt on Company's abilities to continue as a going-concern.

- F. That it is settled principle of law that “a listed company” is liable to be wound up clause (m) of section 301 the Companies Act, 2017 if it ceases its business for a whole year.
- G. That the substratum of the Respondent Company has been lost, as the Company has admittedly closed its operation since 2013 and resultantly not doing any business since then. Reliance is placed on (PLD 1990 SC 763).
- H. That the company is unable to pay its debts and its current liabilities are far exceeded than its current assets as also depicts in Auditors report to its members.
- I. That in the circumstances mentioned above and under the provisions of the section 301 and 304 of the Companies Act, 2017, the Respondent No. 1/Company is liable to be wound up.
- J. That additional grounds may kindly be allowed to be raised during the proceedings of the petition.
- K. That in view of the above it is therefore in the interest of justice and also just and equitable that the Respondent Company (i.e M/s. Khalid Siraj Textile Mills Limited) may kindly be wound-up.

Syed Iftikhar ul Hasan Naqvi
Additional Registrar of Companies
Securities & Exchange Commission of Pakistan
Company Registration Office
Lahore.
Deponent

VERIFICATION:

Verified on oath at Lahore on this ____ day of October, 2019 that the contents of the

above affidavit are true and correct to the best of my knowledge and belief. Syed Iftikhar ul Hasan Naqvi

Additional Registrar of Companies
Securities & Exchange Commission of Pakistan
Company Registration Office
Lahore.
Deponent