



Corporate Supervision Department
Company Law Division

Before
Abid Hussain – Executive Director

In the matter of

Olympia Spinning & Weaving Mills Limited

Number and date of notice:	No. CSD/ARN/213/2015 – 3386-87 dated April 18, 2017
Date of hearing:	May 3, 2017 May 24, 2017
Present:	Mr. M. Waqar Monnoo, Chief Executive, Olympia Spinning and Weaving Mills Limited Mr. Anas Makhdoom, Makhdoom & Company (Authorized Representative) Mr. Asim Jaffery, CFO/Company Secretary, Olympia Spinning and Weaving Mills Limited

ORDER

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

This order shall dispose of proceedings in the matter of show cause notice dated April 17, 2017 (*the "SCN"*) under Section 309 read with Section 305 of the Companies Ordinance, 1984 (*the "Ordinance"*) issued to Olympia Spinning & Weaving Mills Limited (*the "Company"*) and directors of the Company (*the "Respondents"*).

2. The facts leading to this case, briefly stated, are that the Commission had initiated proceedings against the Company under section 309 of the Ordinance for filing winding up petition against the Company in the High Court. The proceedings were initiated mainly on the grounds that Company's business has been suspended for more than a year i.e. since May 2014 as disclosed in the accounts for the year ended June 30, 2016 (*the "Accounts"*) and in the directors' report on the accounts.

3. The SCN was issued on April 18, 2017 to the Company and the directors including the Chief Executive of the Company to show cause as to why a petition for winding up of the Company may not be presented by the Registrar of Companies before a Competent Court. The



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reply was not received from the Company and hearing was fixed for May 3, 2017, which was adjourned on Company's request. The hearing was fixed again for May 24, 2017 which was attended by Mr. M. Waqar Monnoo, Chief Executive of the Company, Mr. Anas Makhdoom, Makhdoom & Company and Mr Asim Jaffery, CFO/Company Secretary of the Company hereafter referred to as Representatives. The representatives were inquired about their stance in response to the SCN. It was informed by them that a detailed response in writing has been sent to the Commission accordingly. They also informed that the Company has successfully started paper business and better results will be seen in the coming year. The Company is in revival phase and the management is looking forward to some positive results in future. The Representatives were advised to furnish financial projections for 3 years which was agreed by them. It was also informed by the Representatives that real production will start in the period after July 2017. It was also informed that the Company has rented out factory building partially which has also started giving a handsome rental income and in the next year the positive impact of rental income and the paper business will be seen.

4. The written submissions of the Company referred to by the respondents in the hearing were received on May 25, 2017. The excerpts from the reply of the Company are stated hereunder:

- *"At the outset your attention is drawn to the fact that the Company has been able to successfully restructure and settle its outstanding liabilities with its banks, the negotiations of which are in process since 2014. In addition, it has also taken steps in diversifying its business and is running a paper business since November 2016."*
- *"The company also rented out partial factory building space which become available after the forceful acquisition of machinery by banks and started earning substantial rent income of around 25-30million p.a which hopefully will increased to around 40-45 million when all the space will be rented. The worst days of Company it is submitted are behind it."*
- *"It may be noted that the accounts to which the Show Cause Notice draws reference, merely to the shutdown of the factory of the Company. As a bare perusal of the Memorandum of the Company shows that the Company is also permitted to undertake various business."*

Thus the carrying on of its "business" by the Company i.e. doing all or any of that which the Memorandum permits the Company to do is obvious from the Accounts filed by the Company. For example, the Company has been earning rent from its factory building which is permitted by its



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from the Accounts filed by the Company. For example, the Company has been earning rent from its factory building which is permitted by its Clause II of Memorandum. The Company in fact has been regularly carrying on its "business", conducting Board and other required meetings and doing all things required by the laws applicable to it."

- *"The Company also submits, that, without prejudice to the above, it had not being permitted to amend its Memorandum to carry out diversification of its business activities due to intentional and illegal holding of NOC by Standard Chartered Bank. Before dealing with this, the Company submits, it is important that attention may also be drawn to the decision of the Hon'ble High Court of Sindh in JCM 02 of 2014 filed against the Company.*

It may also be pertinent to note at the outset that the Hon'ble High Court of Sindh has already declared that the Company is not liable to be wound up despite the fact that it has been shut down for an extended period of time, i.e. taking into account the position up to 15.08.2016."

5. The Company vide its letter dated May 30, 2017 submitted the financial projections for the years June 30, 2018, June 30, 2019 and June 30, 2020 depicting sales from paper manufacturing.

6. It is necessary to advert to the following relevant provisions of the Ordinance;

Clause (c) of section 305 of the Ordinance states that a company may be wound up by the Court if the company does not commence its business within a year from its incorporation, or suspends its business for a whole year;

Section 309 of the Ordinance states that an application to the Court for the winding up of a company shall be by petition presented, subject to the provisions of this section, either by the company, or by any creditor or creditors (including any contingent or prospective creditor or creditors), or by any contributory or contributories, or by all or any of the aforesaid parties, together or separately, or by the registrar, or by the Commission or by a person authorised by the Commission in that behalf.

7. 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).

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8. I have analyzed the facts of the case, relevant provisions of the Ordinance, arguments put forth by the representative during the hearing and in the written submissions. I have observed that the Company is endeavoring for revival of the business operations and management is putting in due efforts in this regard. The accounts of the Company for the year ended June 30, 2017 also depict that the manufacturing process is underway for the paper manufacturing and the directors' report also states that the Company has started paper manufacturing business from November, 2016 and also started renting out factory premises. Keeping in view of the reinitiating of the business/manufacturing process on part of the Company and submission of future financial projections of the business, I hereby close the matter without any adverse order.

Abid Hussain
Executive Director

Announced:
December 15, 2017
Islamabad