



Securities and Exchange Commission of Pakistan
Enforcement Department

Before Rashid Sadiq, Executive Director

In the matter of
M/s. Kohinoor Edible Oil Mills Limited

Date of notice	March 10, 2004
Date of final hearing	March 25, 2004
Present	Nemo

ORDER UNDER SECTION 309
OF THE COMPANIES ORDINANCE, 1984

The Additional Registrar of Companies, Lahore vide his letter dated February 24, 2004 has sought sanction of the Commission under Section 309 of the Companies Ordinance, 1984 (the "Ordinance") to present a petition for winding up of M/s Kohinoor Edible Oil Mills Limited (hereinafter referred to as the "Company") under Section 309 of the Ordinance. He has averred that the Company has failed to hold its annual general meetings for the calendar year 1999 onwards in contravention of Section 158 of the Ordinance, which attracts Clause (b) of Section 305 of the Ordinance.

2. On receipt of the application, a show cause notice dated March 10, 2004 was served on the Company in terms of proviso (b) to Section 309 of the Ordinance highlighting the ground under which the Additional Registrar has approached this Commission to present a petition for winding up of the Company. In order to provide an opportunity of making a representation and of being heard, the case was fixed for hearing on March 25, 2004, on which date no one appeared. I, therefore, proceed to decide this case on its merit.



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3. Before proceeding further, it would be necessary to look at certain important facts regarding this Company. The Company is a listed company incorporated on September 19, 1988 having authorized and paid up capital, as per its latest available audited Balance Sheet as at August 31, 1997, of Rs. 235 million divided into 23.5 million ordinary shares of Rs. 10 each and 180 million divided into 18 million ordinary shares of Rs. 10 each respectively. The main objects of the Company are to manufacture and sell of edible oil. The Company is listed on the Lahore Stock Exchange. Its registered office as notified to the Registrar of Companies, Lahore is situated at 6-FB, Awami Complex, Usman Block, New garden Town, Lahore.

4. The Board of Directors of the Company, as per its last Form 29 (Particulars of Director) dated March 25, 1999 filed with the Company Registration Office, Islamabad comprises of the following individuals:

a) Mr. Abid Saigol,	Chief Executive
b) Mr. M. Asif Saigol,	Director
c) Mr. M. Arif Saigol,	Director
d) Mr. Khurshid M. Ihsan,	Director
e) Mr. Muhammad Sharif,	Director
f) Mr. Faisal Sharif,	Director
g) Mr. Muhammad Tasneem	Director

5. The directors appointed Mr. Abid Saigol as the Chief Executive of the Company for a term of three years. The terms of the directors and the Chief Executive have already expired and the management has failed to hold election of directors as required under the Companies Ordinance, 1984.

6. The latest available audited Balance Sheet of the Company as at August 31, 1997, indicates that the Company has accumulated losses of Rs.65.965



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million as on that date. It paid up capital and reserves as on that date was Rs. 580 million capital giving a break up value per share of Rs. 23.05. The fixed assets of the Company stood at Rs.395.915 million, current assets Rs.411.067 million while current liabilities were Rs.413.590 million as on August 31, 1997. Besides, the Company has also made investment of Rs. 154.938 million in its subsidiary namely, M/S Oilman Limited, which had put up a solvent oil extraction plant with an investment of Rs. 356.222 million. The said plant started commercial operations in June 1997. The aforesaid financial information indicates that the Company and its subsidiary have substantial assets, which could be sold for the benefits of its stakeholders.

7. The non-holding of annual general meeting, which is the only forum where the investors can freely discuss, speak and vote on important matters concerning approval of accounts, appointment of auditors, election of directors etc is a cause of great concern to the Commission. The shareholders of the Company are not aware of the affairs of the Company for the last six years due to non- holding of annual general meetings, non-presentation of accounts therein, non-circulation of quarterly / half yearly accounts. Even the management has not provided any information to the shareholders regarding Company's affairs during last six years. During this period, the Company has also committed other irregularities like non-holding of elections of directors, filing of statutory returns under the provisions of the Ordinance etc., and the Chief Executive and directors of the Company have failed to take necessary steps to carry their statutory obligations by rectification of the defaults. In the circumstances, I am of the considered view that the Company and its directors and Chief Executive have completely disregarded the provisions of law and the non-holding of annual general meetings for two consecutive years and suspension of business for a whole year, attract the provisions of Section 305 of the Ordinance.



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8. Section 305 of the Ordinance provides the circumstances in which the Court may wind up a company. This includes default in holding any two consecutive annual general meetings and suspension of business for a whole year. In the instant case, the Company has failed to hold its annual general meetings for the calendar years 1999 to 2003. The failure of the management to respond to the show cause notice and to appear before me indicates that they have no intention of carrying on business of the Company and to hold the overdue annual general meetings. Under the circumstances and the facts that the Company has made default in holding of two consecutive annual general meetings and has also suspended its business for a whole year, the Company is liable to be wound up. The winding up of such companies becomes necessary so that available assets of the companies are distributed among the shareholders before such companies become empty shells in hands of inefficient and imprudent management. In the instant case, the Company and its wholly owned subsidiary have substantial assets, which could be distributed among its shareholders through the process of winding up.

9. For the forgoing reasons, I, in exercise of the powers conferred on me under Section 309 of the Ordinance, hereby give sanction to the Additional Registrar, Company Registration Office, Lahore to present a petition for winding up of M/s. Kohinoor Edible Oil Mills Limited.

Rashid Sadiq
Executive Director (Enforcement)

Announced.
April 12, 2004
Islamabad