



Securities and Exchange Commission of Pakistan
Adjudication Division
Adjudication Department-I

Before Ali Azeem Ikram, Executive Director/HOD (Adjudication-I)

In the matter of Dewan Khalid Textile Mills Limited and its directors

Dates of Hearings	January 02, 2019, March 25, 2019, August 28, 2019, February 20, 2020, March 4, 2020, March 9, 2020
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Order-Redacted Version

Order dated August 10, 2020 was passed by Executive Director/Head of Department (Adjudication-I) in the matter of Dewan Khalid Textile Mills Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated December 13, 2018
2. Name of Company	Dewan Khalid Textile Mills Limited
3. Name of Individual*	The proceedings were initiated against the Company i.e. Dewan Khalid Textile Mills Limited and its directors including chief executive
4. Nature of Offence	Under section 301 and 304 of the Companies Act, 2017
5. Action Taken	<p>Key findings were reported in the following manner:</p> <p>I have examined the facts of the case, reply furnished and stance taken during the hearing and arguments made by the authorized representative. Moreover, I have reviewed order in cases of Suit Nos. 1251, 1252, 1253, 1254 & 1255 of 2017 and related CMAs in the matter of associated company (suit no. 1251), where the Hon'ble High Court of Sindh was pleased to pass the following order vide dated 12.5.2017:</p> <p><i>Basically the plaintiffs have approached this court for the implementation of the consent letter dated 22.6.2016 (available at page 293 of suit no. 1251/2017) and sought directions against the defendants to fulfill their obligation. Learned counsel submits that earlier some consent decrees were passed between the same parties by this court, thereafter, some novation</i></p>



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was made in the earlier agreed terms. The consent letter dated 22.6.2016 was acknowledged on 15.7.2016 by the representative of HBL who is also Secretary, Steering Committee (available at page 333 of suit no. 1251/2017). Learned counsel argued that the defendants have committed breach of consent letter dated 22.6.2016 through which certain terms & conditions were restructured, but at the same time want to get execution of the consent decree passed in the year 2011. Issue notice to the defendants for 18.5.2017. Till next date no action shall be taken against the plaintiffs in violation of the terms and conditions of consent letter.

2. I have also reviewed disclosures given in directors' report annexed with latest available annual audited financial statements for the year ended June 30, 2019 of the Company, wherein following have been disclosed:

As certain banks covering suits amounting to Rs 275.008 million has not yet accepted the restructuring proposal and also one of the banks had filed a winding up petition under section 305 of the Companies Ordinance, 1984. The Company strongly contested the cases as banks have filed wrong claims. The management of the Company expects favorable outcome. The management of the Company is quite hopeful that these banks will also accept restructuring proposal in near future. Accordingly, no provision of the said mark-up has been made in these financial statements.

3. Keeping in view the foregoing and the fact placed before me that Honorable Sindh High Court vide its Order dated May 12, 2017, has restrained to take action against the plaintiffs in violation of the terms and conditions of consent letter, whereas suit 1253/2017 pertains to the Company, and as per disclosures given in directors' report that matter of creditors' winding up is subjudice before the Court. I am of the view that winding-up proceedings initiated by the Commission are independent from the above mentioned litigation between parties and the same is subject to the judicial review and the Company is at liberty to agitate before the august Court its reservation if any at the time of winding up proceedings before the Court.

Nothing in this Order may be deemed to prejudice the operation of any provision of the Act providing for imposition of penalties on the Respondents of the Company in respect of any default, omission, violation of the Act.



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	Winding up order dated August, 10 2020 was passed by Executive Director (Adjudication-I).
6. Penalty Imposed	Authorized Registrar to present petition of winding up of the Company before the august Court.
7. Current Status of Order	The matter is under appeal period.

Redacted version issued on August 21, 2020 for placement of website of the Commission.