



Securities and Exchange Commission of Pakistan
Enforcement Department

Before Rashid Sadiq, Executive Director

In the matter of
M/s. Karim Cotton Mills Limited

Date of notice	January 20, 2004
Date of final hearing	April 13, 2004
Present	Mr. Muhammad Farooq Ibrahim Director

ORDER UNDER SECTION 309
OF THE COMPANIES ORDINANCE, 1984

The Joint Registrar of Companies, Karachi vide his letter dated July 11, 2003 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 Karim Cotton Mills Limited (hereinafter referred to as the “Company”) under Section 309 of the Ordinance. He has averred that the Company has suspended its business since the year 1995 in contravention of Clause (c) of Section 305 of the Ordinance.

2. On receipt of the application, a show cause notice dated January 20, 2004 was served on the Company in terms of Clause (c) to Section 309 of the Ordinance highlighting the ground under which the Joint 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 February 10, 2004 on which date



Securities and Exchange Commission of Pakistan
Enforcement Department

no one appeared and the case was re-fixed for March 04, 2004. On the said date a letter was received from the company informing the Commission that the Company has completed buy-back of shares from the minority shareholders of the Company. It was also informed that the management was looking for fresh investment and in case it failed to do so, the directors will proceed for voluntary de-listing.

3. In order to provide a chance of personal hearing the matter was thereafter re-fixed for April 13, 2004 on which date Mr. Muhammad Farooq Ibrahim, Director appeared and argued almost the same points as earlier communicated by the Company through its aforesaid letter.

4. Before proceeding further, it would be necessary to look at certain important facts regarding this Company. The Company is a listed company incorporated as a private company on March 28, 1968 and subsequently converted into public limited company on December 14, 1968 having authorized and paid up capital, as per its latest available audited Balance Sheet as at September 30, 2003 of Rs. 50 million divided into 5 million ordinary shares of Rs. 10 each and 11,833 million divided into 1,183 million ordinary shares of Rs. 10 each respectively. The main objects of the Company are manufacturing of yarn and fabrics. The Company is listed on the Karachi Stock Exchange. Its registered office as notified to the Registrar of Companies, Karachi is situated at 14/E, 2nd Floor, Writers Chambers, Mumtaz Hasan Road, Karachi.

5. The Board of Directors of the Company, as per its latest balance sheet for the calendar year 2003 comprises of the following individuals:

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|-------------------------------------|-----------------|
| a) Mr. Muhammad Idrees Haji Ebrahim | Chief Executive |
| b) Mr. Saeed-ud-din Hamid-ud-din | Director |
| c) Mr. Abdul Wahab Haji Muhammad | Director |



Securities and Exchange Commission of Pakistan
Enforcement Department

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| d) Mr. Muhammad Hanif Abdul Ghaffar | Director |
| e) Mr. Hasan Mehmood Muhammad Yamin | Director |
| f) Mr. Abdul Wahid Umer | Director |
| g) Mr. Muhammad Farooq Ibrahim | Director |

6. The directors appointed Mr. Muhammad Idrees Haji Ebrahim as the Chief Executive of the Company for a term of three years. The latest available audited Balance Sheet of the Company as at September 30, 2003 indicates that the Company has accumulated losses of Rs.16.04 million as on that date. The current assets of the company stood at Rs.107,793 while current liabilities were Rs.4,377,882 as on September 30, 2003. The company has also sold all its fixed assets.

7. Section 305 of the Ordinance provides the circumstances in which the Court may wind up a company. These also include suspension of business for a whole year. In the instant case, the Company has suspended its business since 1995. The failure of the management to continue its business or to make efforts to revive the company indicates that they have no intention of carrying on business of the Company. Under the circumstances and the facts that the Company has suspended its business for a whole year and has sold all its assets, the Company is liable to be wound up.

8. For the forgoing reasons, I, in exercise of the powers conferred on me under Section 309 of the Ordinance, hereby authorized the Joint Registrar, Company Registration Office, Karachi to present a petition for winding up of M/s. Karim Cotton Mills Limited.

Rashid Sadiq
Executive Director (Enforcement)

Announced
June 8, 2004
Islamabad