



Corporate Supervision Department
Company Law Division

Before Amina Aziz – Director

In the matter of

Hajra Textile Mills Limited

Number and date of notice: CSD/ARN/31/2015-3350-56 dated February 19, 2016
Date of hearings: April 7, 2016
Present: Mr. Asrar Ahmed

ORDER

UNDER SECTION 158 READ WITH SECTION 476 OF THE COMPANIES ORDINANCE, 1984

This order shall dispose of the proceedings initiated vide show cause notice dated February 19, 2016 issued to following chief executive and directors (“respondents”) of Hajra Textile Mills Ltd. (“Company”) for default made in complying with the provisions of Section 158 read with Section 476 of the Companies Ordinance, 1984 (“Ordinance”).

S.#	Names of Respondents
1	Mr. Ahmed Ellahi, Chief Executive
2	Mr. Muhammad Shafique Bhatti, Director
3	Mr. Muhammad Nawaz, Director
4	Mr. Muhammad Zulfiqar, Director
5	Mr. Muhammad Asim, Director
6	Mr. Rana Muhammad Saeed, Director
7	Mr. Shahid Aziz (NIT), Director

2. The brief facts leading to this case are that the Company was required to hold its Annual General Meeting (“AGM”) for the year ended June 30, 2015 on or before October 31, 2015. As per record of the Commission the Company failed to hold its AGM for the year 2015, in terms of Sub-Section (1) of Section 158 of the Ordinance, therefore, proceedings were initiated under Section 158 (4) of the Ordinance vide show cause notice dated February 19, 2016 against the Respondents. The respondents failed to respond to SCN.

3. In order to provide opportunity of personal hearing; the case was fixed before the undersigned for April 7, 2016. Mr. Asrar Ahmed- authorized representative appeared and admitted the negligence.



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4. In terms of the Commission's notification SRO 1003(I)/2015 dated October 15, 2015, the powers to adjudicate cases under section 158 of the Ordinance have been delegated to Director (Corporate Supervision Department).

5. Before proceeding to decide this case, I consider it necessary to highlight the importance of the strict observance of the aforesaid mandatory provisions of the law. The protection of the investors / shareholders is one of the primary objectives of the Ordinance. The investors / shareholders provide seed money for capital formation. If the interest of the investors is protected, they will save the money and invest more. Shareholders of the company other than those who are themselves or are being represented on the board of directors have very limited role in decision making. General meeting is an important event for the shareholders since it is a forum where main aspects of the corporate and financial life of the company are deliberated and approved. For a minority shareholder, such meeting is often the only forum to obtain information on the company's operations and question the management regarding the company's affairs.

6. Holding AGM within the stipulated time is a requirement of law but unfortunately it has been noted that the directors of the Company have not observed the compulsory requirements of law and deprived the shareholders their basic right as envisaged in law by not holding AGM within stipulated time, therefore, default in terms of Section 158 of the Ordinance stands established. The failure of the respondents to hold the Company's AGM and lay the annual accounts of the company therein is prejudicial to the right of the shareholders. Further, it has been observed previously that the respondent no. 7 Mr. Sahid Aziz vide its letter dated February 2, 2015 submitted that the Company is not holding board meetings and general meetings in spite of his best efforts and he has repeatedly reminded them to hold meetings, through telephone as well as written correspondence. He submitted correspondence with the Company dated May 30, 2014, July 3, 2014 September 26, 2014 and October 13, 2014, and previously requested to drop the proceedings against him as he is not involved in the matters of the Company.

7. Keeping in view of the above I, hereby impose a fine of Rs.300,000 (Rupees three hundred thousand only) in aggregate on all the respondents for contravening the provision of Section 158 of the Ordinance. The respondents are directed to deposit the fine in the following manner;



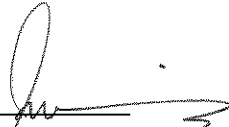
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Name of Respondents	Amount in Rupees
Mr. Ahmed Ellahi, Chief Executive	50,000
Mr. Muhammad Shafique Bhatti, Director	50,000
Mr. Muhammad Nawaz, Director	50,000
Mr. Muhammad Zulfiqar, Director	50,000
Mr. Muhammad Asim, Director	50,000
Mr. Rana Muhammad Saeed, Director	50,000
	Rs.300,000

The aforesaid fines must be deposited in the designated bank account maintained with MCB Bank Limited in the name of the "Securities and Exchange Commission of Pakistan" within thirty days from the receipt of this order and furnish receipted bank vouchers to the Commission. In case of non-deposit of fine, proceedings for recovery of the fines as arrears of land revenue will be initiated. It may also be noted that the said fines are imposed on the respondents in their personal capacity; therefore, they are required to pay the said amount from personal resources.


Amjina Aziz
Director

Announced:
May 5, 2016
Islamabad