



Corporate Supervision Department  
Company Law Division

Before Amina Aziz – Director

*In the matter of*

**Hajra Textile Mills Limited**

Number and date of notice: EMD/233/132/02-928-934 dated December 24, 2014  
Date of hearings: April 6, 2015, September 29, 2015, October 15, 2015, November 12, 2015, November 30, 2015, and April 7, 2016

**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 December 24, 2014 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, 2014 on or before October 31, 2014. As per record of the Commission the Company failed to hold its AGM for the year 2014, 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 December 24, 2014 against the Respondents.

3. The respondent replied vide letter dated January 6, 2015 that the Company is totally closed since March 1, 2012 and all the employees of the Mills and office have been terminated. The financial position of the Company is so weak that it is difficult to run the unit in near future. Further, the adverse financial position of the Company does not permit to hold its AGM.



# SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Corporate Supervision Department  
Company Law Division

Continuation Sheet - 1 -

4. 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 requested to drop the proceedings against him as he is not involved in the matters of the Company.

5. In order to provide opportunity of personal hearing; the case was fixed before Mr. Ali Azeem Ikram- Executive Director on April 6, 2015, September 29, 2015 and October 15, 2015 but no one appeared and before the undersigned for November 12, 2015, November 30, 2015 and April 7, 2016. On hearing dated April 7, 2016 Mr. Asrar Ahmed- authorized representative appeared and reiterated earlier submissions of the respondents.

6. 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).

7. 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.

8. 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



# SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Corporate Supervision Department  
Company Law Division

Continuation Sheet - 2 -

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.

9. 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;

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
	<b>Rs.300,000</b>

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.

**Amina Aziz**  
Director

**Announced:**  
May 5, 2016  
Islamabad