



Corporate Supervision Department
Company Law Division

Before Amina Aziz – Director

In the matter of

Hajra Textile Mills Limited

Number and date of notice: EMD/233/132/02-1226 dated January 23, 2015
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 245 READ WITH SECTION 476 OF THE COMPANIES ORDINANCE, 1984

This order shall dispose of the proceedings initiated vide show cause notice dated January 23, 2015 issued to following chief executive and directors ("respondents") of Hajra Textile Mills Ltd. ("Company") for default made in complying with the provisions of Section 245 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 of the case are that as per record, the Company failed to file interim financial statements ("Quarterly Accounts") for following period with the Commission within stipulated time, as per requirements of section 245 of the Ordinance.

Quarter Ended	Due On	Remarks
31-Dec-13	28-Feb-14	Filed with 88 days delay
31-Mar-14	30-Apr-14	Filed with 27 days delay

Consequently, the show cause notice ("SCN") was issued to the respondents whereof they were called upon to show cause in writing as to why penal action may not be taken against them under sub-section (3) of section 245 of the Ordinance for not filing the aforesaid Quarterly Accounts in a timely manner as stipulated by the law. The respondent failed to respond to SCN.



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3. The respondent replied vide letter dated February 15, 2016 that the Company is totally closed since March 1, 2012 and all the employees of the Mills and office have been terminated. It is not possible for Company to prepare Quarterly Accounts in time.

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 the undersigned for April 6, 2015, September 29, 2015, October 15, 2015, 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 245 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 mandatory requirements of law. The protection of the investors/shareholders is one of the primary objectives of the Ordinance. These are shareholders who provide seed for the capital formation of the Company. It is their lawful right to receive timely, adequate and meaningful information. It is the annual and interim accounts, which provide information to the investors about the affairs of the company. It has unfortunately been noted that the directors of the Company have failed to comply the requirements of law and have not circulated the quarterly accounts to the shareholders nor filed with the Commission within the prescribed time.

6. The Respondents have deprived the shareholders of their statutory right to receive the quarterly accounts of the Company within the prescribed time limit. The responsibility for preparation/circulation of quarterly accounts rests with the directors of the Company who have to



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take appropriate action within the time stipulated by law. The repetition of defaults clearly demonstrates that the directors of the company are not making any serious efforts to comply with the provisions of the law. It is also noted that the statutory compliance by the respondents with respect filing of quarterly accounts is deteriorating progressively. Earlier quarterly accounts were being filed with delays, the latest quarterly account as mentioned in these proceedings has not been filed altogether. Further, the respondents have also failed to any communication by the Commission in respect of these proceedings. For the foregoing reasons, the default under Sub-section (1) of Section 245 of the Ordinance regarding late/non filing of quarterly accounts for the aforesaid periods; stands established.

9. Keeping in view of the above I, hereby impose a fine of Rs.60,000 (Rupees sixty thousand only) in aggregate on respondents 1-6 for contravening the provision of Section 245 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	10,000
Mr. Muhammad Shafique Bhatti, Director	10,000
Mr. Muhammad Nawaz, Director	10,000
Mr. Muhammad Zulfiqar, Director	10,000
Mr. Muhammad Asim, Director	10,000
Mr. Rana Muhammad Saeed, Director	10,000
	Rs.60,000

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.

Amina Aziz
Director

Announced:
May 5, 2016
Islamabad