



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department- I

Adjudication Division

ORDER	
Name of Company	Khalid Siraj Textile Mills Limited
Number and Date of Show Cause Notice	CSD/ARN/157/2015-604 dated November 15, 2024
Respondents	1. Mian Tayyab Iqbal, Chief Executive\Director 2. Mian Iqbal Barkat, Director 3. Mian Hassan Barkat, Director 4. Mian Tahir Iqbal, Director 5. Mrs. Abida Iqbal, Director 6. Mrs. Rafia Hassan, Director 7. Mr. Muhammad Musaddaq, Director 8. Khalid Siraj Textile Mills Limited
Date(s) of Hearing(s)	(i) December 09, 2024; (ii) January 03, 2025; and (iii) January 13, 2025
Case Represented By	Mr. Muhammad Naeem Wazir <i>(Authorized Representative on behalf of the Company)</i>
Provision of Law Involved	Section 132 of the Companies Act, 2017 read with Section 479 thereof

This Order shall dispose of the proceedings initiated by the Securities and Exchange Commission of Pakistan (**the Commission**) against M/s. Khalid Siraj Textile Mills Limited (**the Company**) and its Board of Directors (**BoDs**) (herein collectively referred to as **the Respondents**) through Show Cause Notice CSD/ARN/157/2015-604 dated November 15, 2024 (**the SCN**) issued under Section 132 of the Companies Act, 2017 (**the Act**) read with Section 479 thereof.

2. The brief facts of the case are that from perusal of the relevant records of the Commission, it was noted that the Respondents failed to hold the Annual General Meeting of the Company for the Financial Year ended June 30, 2024 (**the AGM**) within a period of one hundred and twenty (120) days following the closure of its afore-stated Financial Year, as required under sub-section (1) of Section 132 of the Act.

3. Taking cognizance on the subject, the SCN dated November 15, 2024 was issued to the Respondents to show the cause in writing as to why penal action may not be taken against them for non-compliance with the provisions of Section 132 of the Act. However, in response to the SCN, no submissions were made by the Respondents.

4. In order to provide the Respondents an opportunity of personal representation in the matter, hearing was fixed for December 09, 2024. However, the Company requested an adjournment vide a letter dated December 07, 2024. Consequently, another hearing was fixed for January 03, 2025. Despite the same, the Respondents, unfortunately, once again failed to join the proceedings.

5. In order to conclude the matter and to meet the ends of justice in a bona fide manner, a final hearing was fixed for January 13, 2025, which was attended by Mr. Muhammad Naeem Wazir as the Authorized Representative (**the AR**) on behalf of the Company. It is pertinent to note that the AR declared himself to be representing all eight (08) Respondents in the subject matter but submitted the

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formal Authorization Instrument only on behalf of the Company. The AR admitted the violation of the law and explained that the members of the BoD were out of the country and the accounts had not been finalized. He further informed that a notice had already been issued for holding the AGM on January 31, 2025. The AR assured that the Respondents would implement necessary measures to ensure compliance with legal requirements in the future and requested for a lenient view in the matter. AR further stated that the Respondents had not submitted written arguments, thereby the verbal arguments presented during the hearing may be considered as comprehensive and sufficient.

6. I have considered the facts of the case based on the verbal submission, provisions of Section 132 of the Act and the available record with this office on the case at hand. At this juncture, it is imperative to discuss the following legal and factual elements:

- (i) In terms of Section 132(1) of the Act, every company is required to hold its AGM once in every calendar year within a period of one hundred and twenty days (120) following the close of its financial year. Accordingly, it was obligatory on part of the Company, which is also a listed company, to hold its AGM by October 28, 2024 which it failed to hold.
- (ii) The holding of an AGM is a fundamental statutory requirement as it provides members with an opportunity to participate in discussions and vote on agenda items, including the consideration and approval of the company's financial statements. In order to ensure transparency and to protect shareholders' rights, especially the minority shareholders, the Companies are required to meticulously adhere to the provisions of law as prescribed under the Act for holding of AGMs and the Respondents, in any manner whatsoever, cannot absolve themselves from their statutory duties pertaining to holding of AGMs in a timely manner.
- (iii) Furthermore, as per the available records, the Commission also took an earlier penal action against the Company through its Order dated February 13, 2023 in a similar matter. This demonstrates a pattern of recurring non-compliance by the Company and its BOD, reflecting a lack of commitment to adhering to the regulatory requirements.
- (iv) Lastly, while the Representative acknowledged the violation of the law, the explanation provided during the hearing failed to adequately justify the delay in conducting the AGM within the prescribed timeframe. No substantial obstacles or compelling reasons were presented to excuse the non-compliance. Moreover, the assurance provided by the AR to undertake post-compliance does not absolve the Respondents from the established non-compliance.

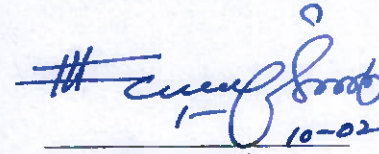
7. In view of the preceding facts, I am of the considered view that by failing to hold AGM for financial year June 30, 2024 within the prescribed timeframe, the Respondents have contravened the requirements of sub-section (1) of Section 132 of the Act, which attracts a penal action under sub-section (5) of Section 132 of the Act. I, therefore, in exercise of powers conferred under sub-section (5) of Section 132 of the Act vide S.R.O. 1545(I)/2019 dated December 6, 2019, hereby strictly WARN

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the Company to avoid such violations of regulatory requirements in the future and impose an aggregate penalty of **Rs. 70,000/- (Rupees Seventy Thousand only)** on the Respondents in the following manner:

S.No.	Name of Respondents	Penalty Amount
1.	Mian Tayyab Iqbal, Chief Executive Director	10,000
2.	Mian Iqbal Barkat, Director	10,000
3.	Mian Hassan Barkat, Director	10,000
4.	Mian Tahir Iqbal, Director	10,000
5.	Mrs. Abida Iqbal, Director	10,000
6.	Mrs. Rafia Hassan, Director	10,000
7.	Mr. Muhammad Musaddaq, Director	10,000
	Total Amount	70,000

8. The Respondents are, hereby, directed to deposit the aforesaid amount of penalty in the designated bank account maintained in the name of the Commission with MCB Bank Limited or United Bank Limited within thirty (30) days from the date of this Order and to furnish a receipted bank challan to the Commission forthwith. In case of failure to deposit the penalty, the proceedings under Section 485 of the Act will be initiated for recovery of the fines as arrears of land revenue pursuant to provision of Section 42B of the Securities and Exchange Commission of Pakistan Act, 1997.


10-02-2025

Sohail Qadri
Director/ HOD
Adjudication Department-I

Announced:
February 10, 2025
Islamabad.

