



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department- I

Adjudication Division

ORDER	
Name of Company:	M/s. Hajra Textile Mills Limited
Show Cause Notice No. & Date:	No. CSD/ARN/31/2015-710 dated December 16, 2024
Respondents:	(i) Mr. Ahmed Elahi, Chief Executive; (ii) Mr. Muhammad Nawaz, Director; (iii) Mr. Muhammad Zulfiqar, Director; (iv) Mr. Muhammad Asim, Director; (v) Mr. Muhammad Shafiq Bhatti, Director; (vi) Rana Muhammad Saeed, Director (vii) Mr. Shahid Aziz, Nominee; (viii) Mr. Tariq Aziz, Company Secretary; and, (ix) M/s. Hajra Textile Mills Limited
Date(s) of Hearing(s):	(i) January 13, 2025; (ii) January 21, 2025; and (iii) March 12, 2025.
Case represented by:	<i>No one Appeared</i>
Provision of law involved:	Section 132 of the Companies Act, 2017 read with Section 479 thereof
Date of Order	March 25, 2025

This Order shall dispose of the proceedings initiated by the Securities and Exchange Commission of Pakistan (the “Commission”) through the Show Cause Notice No. CSD/ARN/31/2015-710 dated December 16, 2024 (the “SCN”) against M/s Hajra Textile Mills Limited (the “Company”), its Board of Directors (BoD) and the Company Secretary, hereinafter collectively referred to as the “Respondents”, 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 the Company in terms of the requirement of Section 132(1) of the Act was required to hold its Annual General Meeting for the year ended June 30, 2024 (the “AGM”) within a period of one hundred and twenty (120) days following the close of its aforesaid financial year i.e. by October 28, 2024. The relevant provisions of law are reproduced hereunder:

“132. Annual general meeting.—(1) Every company, shall hold, an annual general meeting within sixteen months from the date of its incorporation and thereafter once in every calendar year within a period of one hundred and twenty days following the close of its financial year...

(5) Any contravention or default in complying with requirement of this section shall be an offence liable— (a) in case of a listed company, to a penalty of level 2 on the standard scale ...”

3. While taking cognizance of the said contravention, a SCN 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, the Respondents made no submissions.

4. In order to provide an opportunity for personal representation, a hearing in the matter was fixed for January 13, 2025. However, no one appeared on behalf of the Respondents, nor was there any adjournment sought. Thereafter, another hearing opportunity was provided on January 21, 2025, wherein Mr. Qasim Khan, Advocate, claiming himself to be an Authorized Representative of the Respondents, appeared for hearing without any authorizing documents (i.e. Power of Attorney (POA))

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from the Respondents to substantiate his authority. During the hearing, Mr. Qasim did not make submissions regarding the alleged violation of the SCN. Instead, he discussed the lack of Commission's capacity to initiate proceedings on account of certain issues related to delegation of the adjudicating powers by the Commission. He also referred to an order of the Islamabad High Court in support of his argument. During the hearing proceedings Mr. Qasim Khan was clearly advised to submit the POA and a copy of the cited case law within three (03) days, failing which, the hearing would be deemed null and invalid. Despite sufficient opportunity, Mr. Qasim failed to provide the required documents within the stipulated time, thereby rendering the hearing null and void.

5. Subsequently, to meet the ends of justice and to provide a final opportunity for personal representation, especially in light of failure of earlier claimed authorizing representative in providing necessary authorizing instrument, a hearing in the matter was re-fixed for March 12, 2025, with clear advice that in case of non-appearance, the matter would be decided *ex-parte* based on the record available with the Commission and on its merits. No one appeared in the hearing. It is pertinent to mention for the record that for all the aforementioned hearings, notices were issued which were duly received at the registered office address of the Company i.e. 45-50, Industrial Area, Gulberg-III, Lahore, and were not returned undelivered.

6. I have gone through the relevant provisions of Section 132(1) of the Act, considered the facts of the case, and available record of the Company. I have also perused Section 132(5) of the Act, which stipulates penal provisions for contravention of the afore-referred provisions of law. I have noted that 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 (120) days following the close of its financial year. Accordingly, the Company was obligated to hold its AGM for the financial year 2023-24 by October 28, 2024, which it has failed to do so. The holding of AGMs on time is a crucial legal requirement that ensures transparency, accountability, and shareholder engagement. It allows shareholders to participate in discussions, approve financial statements, and hold management accountable. Adhering to legal provisions under the Act is essential for protecting shareholders' rights, fostering trust, and promoting good corporate governance. A listed company must meet its statutory duties to hold AGMs on time, facilitating open communication and feedback from its shareholders.

7. In the recent judgment passed by the Appellate Bench of the Commission, in the matter of *Gulistan Spinning Mills Limited vs. Director/HoD Adjudication-I* (Appeal No. 71 of 2022), the Appellate Bench has held that *"A public listed company has a higher responsibility to disseminate a true and accurate state of affairs to all the stakeholders by holding the AGM within the stipulated time so that appropriate and timely decisions are made. Therefore, the Company, the BoD and Company Secretary should have conducted the AGM as per the applicable legal framework."*

8. Record of the Company maintained at the Company Registration Office (CRO) of the Commission also reveals that the Company has not filed any statutory returns evidencing holding of the AGM under question as per the requirements of law. Furthermore, as per the available record, the Company also failed to hold its AGMs for the years 2018, 2019, 2020, 2021, 2022 and 2023 for which penal actions were taken vide orders dated August 12, 2021, August 12, 2021, August 12, 2021, April 30, 2022, April 28, 2023, and April 29, 2024. This unfortunately demonstrates a recurring/habitual non-compliance by the Respondents.

9. Moreover, a winding-up sanction order has also been passed against the Company on April 11, 2017. However, it is pertinent to note that in light of the clear provision of Section 387 of the Act, such sanction does not exonerate the Company and its Board of Directors from continuing to hold its general meetings and meeting other regulatory compliance, which would allow members to be informed about the current situation.

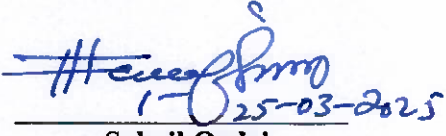
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10. It is important to note that despite multiple hearing opportunities the Respondents failed to participate in the proceedings or submit any response regarding non-compliance; thereby reflecting their non-cooperative behaviour in the matter. Therefore, I am left with no other option except to pass an ex-parte order in the subject proceedings on the basis of available record with this office.

11. In view of the preceding facts, I am of the considered view that by failing to hold AGM within the prescribed timeframe, the contravention with the requirements of sub-section (1) of Section 132 of the Act has been established beyond doubt which attracts penal action in terms of sub-section (5) of Section 132 of the Act. I, therefore, in the exercise of the powers conferred upon me under sub-section (5) of Section 132 of the Act, vide S.R.O. 1545(I)/2019 dated December 06, 2019, hereby, impose an aggregate penalty of **Rs. 200,000/- (Rupees Two Hundred Thousand only)** on the Respondents in the following manner:

S.No.	Name of Respondents	Penalty Amount (Rupees)
1.	Mr. Ahmed Elahi	20,000/-
2.	Mr. Muhammad Nawaz	20,000/-
3.	Mr. Muhammad Zulfiqar	20,000/-
4.	Mr. Muhammad Asim	20,000/-
5.	Mr. Muhammad Shafiq Bhatti	20,000/-
6.	Rana Muhammad Saeed	20,000/-
7.	Mr. Shahid Aziz	20,000/-
8.	Mr. Tariq Aziz	20,000/-
9.	M/s. Hajra Textile Mills Limited	40,000/-
	Total Amount	200,000/-

12. 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 furnish 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 provisions of Section 42B of the Securities and Exchange Commission of Pakistan Act, 1997.


1-25-03-2025
Sohail Qadri
Director/ HOD
Adjudication Department-I

Announced:
Dated: March 25, 2025
Islamabad

