



Corporate Supervision Department
Company Law Division

Before Mr. Abid Hussain – Executive Director

In the matter of

Mehr Dastgir Textile Mills Limited

Number and date of SCN: No. CSD/ARN/224/2015 dated February 24, 2017
Date of hearing: March 30, 2017, May 2, 2017, 30 October 2017 & February 6, 2018
Present: None.

ORDER

**UNDER SECTIONS 158 AND 245 READ WITH SECTION 476 OF
THE COMPANIES ORDINANCE, 1984**

This order shall dispose of the proceedings initiated against the following directors including the chief executive officer (*the "Respondents"*) of Mehr Dastgir Textile Mills Limited (*the "Company"*):

- | | | | |
|---|-------------------------------|---|--------------------------|
| 1 | Khawaja Muhammad Abdul Rahman | 5 | Khawaja Muhammad Hussain |
| 2 | Khawaja Muhammad Abu Bakar | 6 | Khawaja Muhammad Mansoor |
| 3 | Khawaja Muhammad Hasan | 7 | Khawaja Muhammad Usman |
| 4 | Khawaja Muhammad Ali | | |

The proceedings against the respondents were initiated through show cause notice dated February 24, 2017 (*the "SCN"*) under the provisions of sections 158 and 245 read with section 476 of the Companies Ordinance, 1984 (*the "Ordinance"*).

2. The brief facts of the case are that the Company was required to hold its annual general meeting (*the "AGM"*) for the year ended June 30, 2016 on or before October 31, 2016, in terms of sub-section (1) of section 158 of the Ordinance. However, review of record revealed that the Company failed to convene the AGM as per requirement of the law. Furthermore, the Company did not file the quarterly accounts for the quarter ended on September 30, 2016 with the Commission in timely manner.



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3. Consequently, SCN dated February 24, 2017 was issued to the respondents wherein they were called upon to show cause in writing within fourteen days as to why penal action may not be taken against them under section 158 and sub-section (3) of section 245 of the Ordinance respectively for non-holding of AGM and non-filing of the aforesaid quarterly accounts with the Commission in a timely manner, as per requirements of the law.

4. The Company vide letter dated October 30, 2017 submitted that the Court has passed a winding up order of the Company and appointed the liquidator. The Company has provided all the statement of accounts and necessary documents to the official liquidators appointed by the Court. The Company had been inoperative since the last eight years and has not conducted any business during that time.

5. Before proceeding further, it is necessary to advert to the following relevant provisions of the Ordinance. Sub-section (1) of section 158 of the Ordinance, inter alia, provides as under:

Every company shall hold, in addition to any other meeting, a general meeting, as its annual general meeting, within eighteen months from the date of its incorporation and thereafter once at least in every calendar year within a period of four months following the close of its financial year and not more than fifteen months after the holding of its last preceding annual general meeting:

Sub-section (4) of section 158, inter alia, provides as under:

If default is made in complying with any provision of this section, the company and every officer of the company who is knowingly and willfully a party to the default shall be liable,--

(a) if the default relates to a listed company, to a fine not less than fifty thousand rupees and not exceeding five hundred thousand rupees and to a further fine not exceeding two thousand rupees for every day after the first during which the default continues;

In terms of sub-section (1) of section 245 of the Ordinance read with Commission's circular no. 9 dated March 19, 2003, all listed companies are, inter alia, required to file their quarterly accounts with the



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Commission within stipulated time i.e. one month from the close of first and third quarters and two months from the close of second quarter.

Sub-section (3) of section 245, *inter alia*, provides as under:

(3) If a company fails to comply with any of the requirements of this section, every director, including chief executive and chief accountant of the company who has knowingly by his act or omission been the cause of such default shall be liable to a fine of not exceeding one hundred thousand rupees and to a further fine of one thousand rupees for every day during which the default continues.

In terms of the Commission's notification SRO 751 (I)/2017 dated August 2, 2017, the powers to adjudicate cases under sections 158 and 245 have been delegated to the Executive Director.

6. I have analyzed the facts of the case, relevant provisions of the Ordinance, and submissions made by the respondents. Keeping in view, the fact that the Company the winding up of the Company has been ordered by the Court, I, hereby conclude the proceedings with a warning to the respondents.

Abid Hussain
Executive Director
Corporate Supervision Department

Announced:
April 9, 2018
Islamabad

