



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Enforcement Department

Before Javed K. Siddiqui, Executive Director (CL)

In the matter of

M/s. Haji Dossa Limited

(Under Sub-section (4) of Section 158 of the Companies Ordinance, 1984)

No. and date of show cause notice

EMD/233/600/2004
Dated January 07, 2005

Date of hearing

March 30, 2005

Present

Mr. Muhammad Aziz
Haji Dossa, Chief Executive

Date of Order

April 25, 2005

Order

This Order shall dispose off the proceedings initiated against M/s. Haji Dossa Limited (hereinafter referred to as the "Company") and its directors for defaults made in complying with the provisions of Sub-section (1) of Section 158 of the Companies Ordinance, 1984 (the "Ordinance").

2. The facts leading to this case, briefly stated, are that in terms of the provisions of Sub-section (1) of Section 158 of the Ordinance, the Company was required to hold its Annual General Meeting ("AGM") for the year ended August 31, 2004 on or before December 31, 2004. The failure of the Company to comply with the aforesaid mandatory requirement necessitated action against the Company and its directors in terms of Sub-section (4) of Section 158 of the Ordinance. Accordingly, a show cause notice dated January 07, 2005 was served on the Company and its directors including the Chief Executive calling upon them to show cause as to why penal action may not be taken against them under Sub-section (4) of Section 158 read with Section 476 of the Ordinance for the aforesaid contravention.



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3. In response to the show cause notice, letters from directors namely Mr. Nissar Dossa, Mr. Muhammad Sadek Nissar Dossa, Miss Rashiqay N. Dossa and Mr. Muhammad Aziz Haji Dossa, were received. Mr. Nissar Dossa, in his letter dated February 4, 2005 have informed that the delay in holding annual general meeting of the Company occurred due to shortage of personnel resulting into delay in ledger posting and compiling of accounts. He also informed that the delay occurred due to late compilation of financial data by Company's auditors. Mr. Muhammad Sadek Nissar Dossa in his letter dated February 4, 2005 has avoided from taking responsibility of preparing annual accounts and making arrangement for timely holding of annual general meeting as according to him, he has various other businesses. He has also informed that delay occurred due to frequent electricity breakdown and vacations of Chief Accountant. Miss. Rashiqay N. Dossa, in her letter dated February 4, 2005 disowned responsibility of holding of annual general meeting of the Company as according to her, she remains as a minority director and has not been made responsible for the same. Mr. Aziz Haji Dossa, in his letter dated March 9, 2005 adopted the arguments of Mr. Nisar Haji Dossa. The directors further requested to fix the matter for hearing at Karachi and to condone the default while assuring timely compliance of the statutory provisions of law in future.

4. Consequently, in order to provide an opportunity of hearing and for the convenience of the Company whose Registered Office is also situated at Karachi, the matter was fixed at Karachi on March 30, 2005 where Mr. Muhammad Aziz Haji Dossa, Chief Executive appeared and besides submitting his written reply repeated almost the same arguments earlier communicated through various written replies by the Directors. He also attributed failure of Company and its Directors to hold timely annual general meeting to pre-occupation of Directors in Moharrum arrangements.

5. I have given due consideration to the relevant provisions of law and written submissions advanced by the directors and oral submissions of the Chief Executive for failure to hold the annual general meeting within the mandatory time period. However, none of them justify the default and the arguments advanced by them are just to avoid the responsibility bestowed on them by law. Annual General Meeting is an important institution for the protection of the shareholders of the company. The ultimate control and destiny of any company is in the hands of its shareholders. AGM is the forum where the shareholders come together once in a year and review the working of a company and are also able to discuss, speak and vote on the significant matters like approval of accounts, appointment



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of auditors, election of directors and other important issues relating to the performance of the Company. This meeting affords that opportunity.

6. The Company and its directors including the Chief Executive have shown no respect for the law and they have deprived the shareholders of their statutory right to attend the annual general meeting of the Company as they have willfully and deliberately committed the default by not holding the annual general meeting for the year ended August 31, 2004 within the prescribed time limit.

7. Considering the circumstances of the case and the submissions of the respondents, I am of the view that the contentions of the Directors do not carry any force. It is the responsibility of the Directors of the Company to timely hold the meeting. From the perusal of previous track record of the Company in holding of annual general meetings, it is clear that in the past also, the management had committed defaults for which penalties were imposed on the Company. The repetition of same default shows that the management of the Company does not take the provisions of law seriously. Accordingly, the default under Section 158 is considered willful and deliberate, which attracts the penal provisions of Sub-section (4) of Section 158 of the Ordinance.

8. However, in view of the assurance given by the Directors for timely compliance in future, instead of imposing the maximum fine of Rs. 50,000 on every Director and a further fine of Rs. 2,000 per day for the continuous default, I in exercise of the powers conferred on me under Sub-section (4) of Section 158 of the Ordinance impose a penalty of Rs. 20,000/ on the Company and each director in the following manner:

S. No	Name of Director/Company	Penalty
1.	Haji Dossa Limited (The Company)	Rs. 20,000/
2.	Mr. Muhammad Aziz Haji Dossa, Chief Executive	Rs. 20,000/
3.	Mrs. Munira Arif Mooraj, Director	Rs. 20,000/
4.	Mr. Hussain Ali Arif Mooraj, Director	Rs. 20,000/
5.	Mr. Muhammad Nisar Dossa, Director	Rs. 20,000/
6.	Mr. Muhammad Sadik Nisar Dossa, Director	Rs. 20,000/
7.	Ms. Rishiqay Nissar Dossa, Director	Rs. 20,000/
	Total	Rs. 140,000/



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9. The Company, its Chief Executive and other Directors are hereby directed to deposit, within 30 days of the date of receipt of this order, the aforesaid fine totaling to Rs.140,000/- (Rupees one hundred and forty thousand only) in the Commission's designated bank account No. 10464-6 maintained at Central Branch 2, Habib Bank Limited, II Chundrigar Road, Karachi or pay by a DD/pay order issued in the name of Commission and send a copy of the receipt to the Commission for information and record, failing which proceedings under the Land Revenue Act, 1967 will be initiated which may result in the attachment and sale of movable and immovable property.

Javed K. Siddiqui
Executive Director (CL)