



Say No To Corruption

Corporate Supervisions Department  
Company Law Division

Before Ms. Amina Aziz – Director

*In the matter of*

(Colony) Thal Textile Mills Limited

Number and date of SCN: EMD/233/53/02-1355 dated February 3, 2015  
Date of Hearing: October 19, 2015  
Present: Mr. M. Taimur Tanveer, Director  
Mr. Khursid Khan Tahir, Director

**ORDER**

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

This order shall dispose of the proceedings initiated vide show cause notice dated June 4, 2014, issued to following chief executive and directors (“respondents”) of (Colony) Thal Textile Mills Limited (“Company”) for default made in complying with the provisions of Section 158 read with Section 476 of the Companies Ordinance, 1984 (“Ordinance”).

1	Mr .Tanveer A. Shaikh, Chief Executive
2	Mrs. Ayesha Tanveer, Director
3	Mr. Muhammad Taimur Tanveer, Director
4	Mr. Ahmed Sheikh, Director
5	Mrs. Beenish Taimur, Director
6	Mr. Hidayat Ali Shar, Director
7	Mr. Khursid Khan Tahir, Director
8	Mr. Sardar Mohammad Nawaz Khan, Director

2. The brief facts of the case are that the Company was required to hold its annual general meeting (“AGM”) for the year ended June 30, 2014 on or before October 31, 2014, 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. Consequently, the 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 section 158 of the Ordinance for not holding the AGM.

3. The respondents failed to reply the SCN, In order to provide opportunity of personal hearing the case was fixed on April 28, 2015 and the respondents were represented by Mr. M. Taimur Tanveer and Mr. Khursid Khan Tahir, who submitted that due to unavoidable



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circumstances pertaining to energy, labour and uncertain political circumstances of the country, the management of the Company could not hold the AGM for the year 2013 and 2014 and lay before the members annual audited accounts as at June 30, 2013 and June 30, 2014 for their approval. The Company sought direction under Section 170 of the Ordinance from the Commission to hold overdue AGM's. The Commission directed the Company vide letter dated May 18, 2015 to hold AGM for the year ended June 30, 2013 and 2014 by August 31, 2015. The Company held its AGM for the year ended June 30, 2013 on July 30, 2015 and AGM for the year ended June 30, 2014 on August 31, 2015. The Company is now holding its AGM for the year ended June 30, 2015 in time on October 31, 2015 and requested to condone the default.

4. Before proceeding further, it is necessary to advert to the following relevant provisions of 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:*

5. In terms of the Commission's notification SRO 1003(I)/2015 dated October 15, 2015, the powers to adjudicate cases under section 158 have been delegated to Director (Corporate Supervision Department).

6. Before proceeding to decide this case, I consider it necessary to highlight the importance of the strict observance of the aforesaid mandatory provisions of the law. The protection of the investors / shareholders is one of the primary objectives of the Ordinance. The investors / shareholders provide seed money for capital formation. If the interest of the investors is protected, they will save the money and invest more. Shareholders of the company other than those who are themselves or are being represented on the board of directors have very limited role in decision making. General meeting is an important event for the shareholders since it is a forum where main aspects of the corporate and financial life of the company are deliberated and approved. For a minority shareholder, such meeting is often the only forum to obtain information on the company's operations and question the management regarding the company's affairs.



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7. I have analyzed fact of the case, submission by the representatives during hearing and relevant provisions of the Ordinance and observed that holding AGM within the stipulated time is a requirement of law but unfortunately it has been noted that the directors of the Company have not observed the compulsory requirements of law and deprived the shareholders their basic right as envisaged in law by not holding AGM within stipulated time. However, keeping in view of the submissions of the respondents and efforts made by the respondents to held overdue AGM and holding AGM for the year ended June 30, 2015 in time and satisfactory filing history of the Company instead of imposing fine, I hereby, conclude the proceedings with a warning to the respondents to be careful and ensure compliance with mandatory provisions of the Ordinance, in true letter and spirit; in future.

**Amina Aziz**  
Director (Corporate Supervision)

**Announced:**  
November 17, 2015  
Islamabad