

***Before Tahir Mahmood, Executive Director***

***In the matter of***

***Haji Dossa Limited***

Number and date of show cause notice	EMD/233/600/2002-236-241 dated June 22, 2007
Date of hearing	August 03, 2007
Present:	1. Mr. Mohammed Aziz Haji Dossa, Chief Executive, Haji Dossa Limited

***ORDER***

**UNDER Sub-Section (2) of Section 174, Section 178 and Section 186  
read with Section 476 of the Companies Ordinance, 1984**

This order shall dispose off the proceedings initiated through Show Cause Notice No. EMD/233/252/2002-4903-07 dated June 22, 2007 under the provisions of Sub-Section (2) of Section 174, Section 178 and Section 186 read with Section 476 of the Companies Ordinance, 1984 (the "Ordinance") served on all the directors including the Chief Executive of M/s. Haji Dossa Limited (the "Company").

2. The Company was incorporated on March 08, 1956 under the Ordinance as a public limited company. The shares of the Company are listed on Karachi Stock Exchange. The authorized share capital of the Company is Rs. 10,000,000 divided into 1,000,000 ordinary shares of Rs. 10 each. The paid up shares capital of the Company is Rs. 5,000,000 divided into 500,000 ordinary shares of Rs. 10 each. The Company is engaged in a business of Cotton Ginning, Bulk Storage Terminal and Chip Boards manufacturing.

3. The examination of annual accounts of the Company for the year ended June 30, 2006 and Form-29 dated December 29, 2005 filed by the Company has revealed that the Company has only six directors on its Board of Directors, which was less than the number of directors as prescribed for a public listed company under Section 174 of the Ordinance. Moreover, the Company vide its letter dated June 14, 2007 informed that election of directors of the Company was held on December 29, 2005 in which only six directors were elected. The record of the Company maintained in the Enforcement Department reflect



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that only one general meeting of the members was held in the year 2005 which was on October 20, 2005 and it did not include agenda item for election of directors. Aforesaid record further reflects that no general meeting of the shareholders of the Company was convened on December 29, 2005. Therefore, election of directors was made other than in a general meeting of the members in contravention of the provisions of Section 178 of the Ordinance.

4. The aforesaid violations attract the penal provisions of Section 186 of the Ordinance., therefore, a show cause notice dated June 22, 2007 was issued to the following directors of the Company to show cause as to why penalty as provided for in Section 186 of the Ordinance may not be imposed and why they may not be debarred from becoming or continuing as a director of the Company for the aforesaid contravention:

- a) Mr. Mohammed Nissar Dossa, Chairman/Director
- b) Mrs. Munira Arif Mooraj, Director
- c) Mr. Mohammed Aziz Haji Dossa, Chief Executive/ Director
- d) Mr. Hussain Ali Arif Mooraj, Director
- e) Mr. Mohammed Sadek Nissar Dossa, Director
- f) Mr. Rashiqay Nissar Dossa, Director

5. In response to the Show cause notice, Mr Mohammed Aziz Haji Dossa, Chief Executive of Company, submitted reply vide his letter dated June 27, 2007 on behalf of all the directors of the Company and states that the Company has published a notice of Extra Ordinary General Meeting in Daily Business Recorder on November 11, 2005 to elect seven directors in accordance with the provisions of Section 178 of the Ordinance but the consent of only 6 (six) persons were received to contest in the election. After receipt of consent letters, Company published another advertisement in Daily Business Recorder on December 17, 2005 and states that:

**Quote**

*“.....following persons have filed with the Company notice of their intention to offer themselves for election as Directors at the EOGM of the Company scheduled to be held on December 28, 2005. Mr. Mohammed Nissar Dossa, Mr. Mohammed Aziz Haji Dossa, Miss Rashiqay Nissar Dossa, Mr. Mohammed Sadek Nissar Dossa, Mrs. Munira Arif Mooraj, Mr. Hussain A. Mooraj. Since the number of persons, who have offered themselves for the election is not more than the number of directors to be elected as fixed by the Board under Section 178(1) of the Companies Ordinance, 1984, the above named are deemed to be elected”.*

**Unquote**



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6. In order to provide an opportunity of personal hearing, the case was fixed on July 20, 2007 but adjourned on request of the Company. Finally, hearing was fixed for August 03, 2007 on which date Mr. Mohammed Aziz Haji Dossa, Chief Executive of Company, appeared before the undersigned on behalf of all Directors of Company and argued the case. Mr. Aziz while admitting the default contended that the non-compliance of the provisions of the Ordinance was not deliberate but it was due to the fact that consent of only six persons were received instead of the affixed seven seats on Board of Company. He further stated that the requisite notice of Extra Ordinary General Meeting of December 28, 2005, to elect the obligated seven directors, as per provision of Section 178, for a period of three years, from December 29, 2005 to December 28, 2008 was circulated to shareholders on November 25, 2005. He also informed that the Company has applied for voluntary de-listing through their letter dated July 18, 2007 to Karachi Stock Exchange. He requested to condone the default for the year 2006 and 2007 as the same was neither willful nor intentional and in subsequent period i.e. 2008, company will be delisted.

7. I have taken into consideration the submissions made in writing as well as those at the time of hearing and have also perused the relevant legal provisions applicable in this case. The default is established and admitted, however, in view of the afore-mentioned process of delisting of Company I take a lenient view and instead of penalizing the directors condone the violation with a stern warning.

8. The directors of the Company are hereby directed to immediately initiate the process of rectifying the default ensuring that it is completed within ninety days of the date of this order, while abiding the statutory time limits for notice of meeting etc., as the present status of Company is a listed Company and Law requires the listed Company to have seven directors. I hope that the directors would react positively and would ensure compliance with the requirements of law in letter and spirit.

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**Tahir Mahmood**  
Executive Director

**Announced**  
September 07, 2007  
**Islamabad**