



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Before Ali Azeem Ikram Director (Enforcement)

In the matter of

Hamid Textile Mills Limited

No. & date of show cause notice	EMD/233/255/2002-2378 dated March 13, 2009
Date of hearing	July 30, 2009
Present	Mr. Khawar Almas Khawaja –Chief Executive

ORDER

UNDER THE PROVISIONS OF SUB-SECTION 4 OF SECTION 158 OF THE COMPANIES ORDINANCE, 1984

This Order shall dispose of the proceedings initiated against the directors of Hamid Textile Mills Limited (hereinafter referred to as the "Company") for default 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 (the "AGM") for the year ended June 30, 2008 on or before October 31, 2008. The Company failed to hold the aforesaid AGM within the prescribed time period. The failure of the Company to comply with the aforesaid mandatory requirements necessitated action against the Company and its directors in terms of Sub-section (4) of Section 158 of the Ordinance. Consequently, a Show Cause Notice dated March 13, 2009 ("SCN") was served on the Company and its directors including the Chief Executive calling upon them to show cause as to why penalties as provided under Sub-section (4) of Section 158 read with Section 476 of the Ordinance may not be imposed on them. The Chief Executive and other directors, however, did not respond to the aforesaid SCN. In order to provide an opportunity of personal hearing the matter was fixed for July 30, 2009.



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3. On the date of hearing Mr. Khawar Almas Khawaja –Chief Executive appeared before me on behalf of all the directors to argue the case. During the course of hearing, while admitting the default, he contended that due to change of management and delay of annual audit for financial year 2008 the Company was not able to hold AGM in time. He requested for taking a lenient view of the default.

4. 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. It is investors/shareholders who provide seed for capital formation. If the interest of the investors is protected, they will save and invest more. Their interest is protected by transmission of timely, adequate and meaningful information to them. It is the annual and interim accounts, which provide information to the investors about the affairs of the companies. AGM is a forum where the investors can freely discuss, speak and vote on important matters concerning approval of accounts, appointment of auditors, election of directors etc. It has unfortunately been noted that the directors of the Company are not observing these compulsory requirements of law, as it was observed that AGM was held on May 09, 2009 with a delay of 6 month and 8 days.

5. Although the default is established, yet keeping in view the past track record of the Company and the fact that the Company has held AGM, though with a delay, I am inclined to take a lenient view in the matter and instead of imposing maximum fine of Rs. 500,000 on every Director and a further fine of Rs. 2,000 per day for the continuous default for each quarter, I impose a fine of Rs. 100,000 (Rupees one hundred thousand only) on Mr. Khawar Almas Khawaja the Chief Executive of the Company only under Sub-section (4) of Section 158 of the Ordinance, other directors are strictly warned to be careful in future. I hope that directors of the Company will react positively to this lenient view and ensure compliance with mandatory provisions of the Ordinance in future.

The Chief Executive of the Company is hereby directed to deposit the aforesaid fine of Rs.100,000 (Rupees one hundred thousand only) in the designated bank account maintained in the name of Securities and Exchange Commission of Pakistan with MCB Bank Limited within thirty days from the receipt of this Order and furnish receipted vouchers or pay by a DD/pay order issued in the name of 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



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property. It may also be noted that the said penalties are imposed on the Chief Executive in his personal capacity and he is required to pay the said amount from his personal resources.

Ali Azeem Ikram
Director (Enforcement)

Announced
August 17, 2009
Islamabad