



**BEFORE THE  
MONOPOLY CONTROL AUTHORITY  
IN THE MATTER OF  
M/s. Haral Textiles Ltd  
(File No. 8(1212)/INV/(Chief-R&I)/MCA/ 2003)**

Present:

Mr. Khalid A. Mirza  
Chairman

Raja Raza Arshad  
Member

Date of hearing:

April 23, 2007

Present for the Respondent:

Mr. Muhammad  
Mujtaba Iqbal,  
Advocate

**ORDER**

1. M/s. Haral Textiles Ltd., engaged in the manufacture, conversion and sale of cloth, is an undertaking (hereinafter referred to as the 'undertaking') as defined under Section 2(1)(m) of the Monopolies and Restrictive Trade Practices (Control & Prevention) Ordinance 1970 (hereinafter referred to as the 'Ordinance').

2. The Monopoly Control Authority (hereinafter referred to as the 'Authority'), passed Order dated December 11, 2006, against the undertaking, under Section 19 of the Ordinance and imposed a penalty of Rs 100,000/- (Rupees one hundred thousand) on it. The undertaking was required to deposit the penalty under the relevant head of account within fifteen days from the date of receipt of the Order. The undertaking was also required to supply the requisite information within that time frame but it failed to comply with the Order of the Authority.

3. The undertaking was, therefore, served Show Cause Notice No.55 of 2006-07 dated March 30, 2007, under sub-section (2) of Section 19 of the Ordinance. The undertaking was required to show cause by April 14, 2007 but it failed to respond to the Show Cause Notice or to comply with the Order of the Authority.

4. For disposal of the Show Cause Notice the matter was fixed for hearing on April 23, 2007 at Lahore vide Hearing Notice dated April 11, 2007, dispatched to the undertaking through Registered A.D cover.

5. On the date of hearing Mr. Muhammad Mujtaba Iqbal, Advocate, appeared before the Authority, as counsel of the undertaking and argued the case. He provided a photostat copy of the paid challan, with respect to the penalty of Rs 100,000/- imposed by the Authority and submitted that the undertaking had partially complied with that Order. He also submitted a copy of a letter dated April 19, 2004 issued by the State Bank of Pakistan regarding the settlement reached with Allied Bank Ltd, on December 30, 2003 in respect of the undertaking's liabilities to the Bank (in accordance with SBP circular 29 ) and a copy of the relevant Judgment (CM No 43-B/04) passed by the Honorable Lahore High Court, Lahore on 17-02-2004 to confirm this settlement. Counsel argued that these documents showed that the assets of the company were valued only Rs 104 million which was well below Rs 300 million and hence the undertaking fell outside the mischief of the Monopoly Control Authority (Supply of Information) Rules 1971 (hereinafter referred to as the 'Rules'). The Authority held this to be incorrect since the documents provided pertained to a compromise settlement between a borrower and a lender which did not necessarily mean determination of true value. Furthermore this case pertained to the provision of information relating to the fiscal year ending September 2002 which was prior to the compromise settlement with Allied Bank Ltd.

6. The Authority also pointed out that the undertaking, being a public limited company, was required to hold Annual General Meetings (AGMs) within a period of four months from the close of its financial year, but it had failed to finalize its audited annual accounts as well as hold AGMs for the years ending in 2003 to 2006. Moreover, it had also not supplied the information required under the Rules for these years. Counsel submitted that the undertaking was going to be liquidated but it wanted to first

determine the extent of its liabilities and was still engaged in this task. He also submitted that the undertaking was finalizing its annual audited accounts for the years 2003 onward and a copy of the same will be supplied to the Authority in due course. Counsel further submitted that the assets of the undertaking were less than 300 million rupees at present and, therefore, it was not liable to supply the information required under the Rules but he could not provide any evidence in support of this contention.

7. The Authority, after considering the facts of the case and submissions of the counsel, concluded that non-compliance with its Order by the undertaking was willful. Since failure was continuing one, the Authority in terms of the powers vested under sub-section (2) of Section 19 of the Ordinance further imposed a penalty of Rs.10,000/- (Rupees ten thousand) per day on the undertaking till compliance of the Authority's Order dated December 11, 2006.

-Sd-  
(Khalid A. Mirza)  
Chairman

-Sd-  
(Raja Raza Arshad)  
Member

**Islamabad the May ,2007**