



**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

Abdul Ghaffar
Member

Date of hearing:

December 4, 2006

Present for the Respondent:

Mr. Abrar Latif Babar,
Manager Accounts
Mr. Muhammad Javed,
Group Finance Manager

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'). The total value of assets of the undertaking as per its annual audited accounts for the year ended September 30, 2002 were 758.728 million rupees and an undertaking the total value of assets of which is not less than three hundred million rupees is required to furnish to the Monopoly Control Authority (hereinafter referred to as the 'Authority') every year, within four months of the closing of its financial year, the information prescribed under The Monopoly Control Authority (Supply of Information) Rules, 1995 (hereinafter referred to as the 'Rules') but it failed to supply the information under the Rules for the years ended September 30, 2002 and 2003. The undertaking was, therefore, reminded to supply the information under the Rules for the years ended September 30, 2002 & 2003 alongwith certain other information vide letter dated December 30, 2004 but it failed to do so. The undertaking was reminded vide letters dated March 19 and June 28, 2005 but it again failed to supply the requisite information or to respond to the letters of the Authority.

2. The undertaking was, therefore, served Show Cause Notice No.13 of 2005-06 dated September 8, 2005 under section 19 of the Ordinance. The undertaking vide its letter dated September 20, 2005 submitted that its mill had been closed in the year 2004 and there was no staff left to respond to the Authority's Show Cause Notice.

3. The undertaking was asked vide letter dated September 27, 2005 to furnish its annual audited accounts for the year ended September 30, 2004 alongwith quarterly, half yearly and third quarterly accounts for the year ending September 30, 2005. The undertaking vide letter dated October 10, 2005 stated that it had already intimated in its letter dated September 20, 2005 that its mill had been closed in the year 2004 and no accounts were being maintained. Moreover, the company was in the process of liquidation and the information called for was not available and also could not be provided.

4. The matter was referred to Company Registration Office Lahore of Securities & Exchange Commission of Pakistan for confirmation of the status of the undertaking who vide their letter dated October 27, 2005 stated that as per record maintained by that office the undertaking was regular in filing its statutory returns. It had submitted its statutory returns i.e. Forms A & 29 for the year 2003. They further stated that the undertaking had not filed any document with regard to its winding up or under liquidation (Through Court or Voluntary) in that office, as required under the Companies Ordinance 1984.

5. The undertaking was asked vide letter dated October 31, 2005 for supply of a copy of the relevant documents filed by it with the Company Registration Office of the Securities & Exchange Commission of Pakistan with regard to winding up or liquidation but it failed to respond to the Authority's letter.

6. For disposal of the Show Cause Notice the Authority fixed the matter for hearing on December 4, 2006 at Lahore vide hearing notice dated November 17, 2006.

7. On the date of hearing Mr. Abrar Latif Babar, Manager Accounts and Mr. Muhammad Javed, Group Finance Manager of the undertaking appeared before the Authority as authorized representatives and argued the case. They submitted that in the past the information had been supplied by the undertaking regularly but its mills were

closed since 2004, therefore, it could not provide the requisite information as its accounts had not been finalized. The Authority pointed out that a public limited company is required to finalize its financial statements within four months from the date of closing of its financial year. It seems very odd that after closing the mills the undertaking had not finalized its accounts. The representatives apologized and assured that the information shall be supplied to the Authority regularly in future.

8. The Authority, after considering the facts of the case and submissions of the authorized representatives concluded the default of the undertaking as willful and imposed a penalty of Rs 100,000/- on it. The undertaking is required to deposit the penalty under the relevant head of account and to furnish original paid challan to the Authority within fifteen days from the date of receipt of the Order. The undertaking is also required to supply the requisite information by that time frame. In case of failure, action shall be initiated against the undertaking under sub-section (2) of Section 19 of the Ordinance.

-Sd-
(Khalid A. Mirza)
Chairman

-Sd-
(Abdul Ghaffar)
Member

Islamabad the December ,2006