



Securities and Exchange Commission of Pakistan
Enforcement and Monitoring Division

[Islamabad]

Before Rashid Sadiq, Executive Director

In the matter of
M/S Hamid Textile Mills Limited

(Under Sub-section (1) of section 158 of the
Companies Ordinance, 1984)

Number and date of notice	EMD/233/255/2002-5911-18 Dated: April 10, 2003
Date of hearing	May 05, 2003
Present	Mr. Zahid Latif <i>Corporate Secretary</i> Mr. Zahid Hussain <i>Chief Accountant</i>
Date of Order	June 25, 2003

This Order shall dispose of the proceedings initiated against M/S Hamid Textile Mills Limited (hereinafter referred to as the “Company”) and its directors including the Chief Executive for failure to hold Annual General Meeting (the “AGM”) for the calendar year 2003 on or before March 31, 2003 and to lay therein Company’s balance sheet and profit and loss account for the year ended September 30, 2002.

2. The facts relevant for the disposal of this case, briefly stated, are that the Company under Sub-section (1) of Section 158 of the Companies Ordinance, 1984 (the “Ordinance”) was required to hold its AGM for the calendar year 2003 on or before March 31, 2003 and to lay therein its balance sheet and profit and loss account for the year ended September 30, 2002. The failure of the Company to comply with the aforesaid mandatory requirements necessitated action against the Company, its directors and Chief Executive. Accordingly a



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show cause notice dated April 10, 2003 was issued to the Company and its directors including the Chief Executive calling upon them to show cause as to why penalties as provided for in Clause (a) of Sub-section (4) of Section 158 of the Ordinance may not be imposed upon them for the aforesaid default.

3. No response was received to the aforesaid show cause notice. In order to provide an opportunity of hearing the case was fixed on May 05, 2003 when Mr. Zahid Aslam, Corporate Secretary and Mr. Zahid Hussain, Chief Accountant appeared before me to argue this case. They also submitted a written reply to the show cause notice. In the written submissions as well as at the time of hearing, it was submitted that the operations of the Company are closed since September 2002. Due to extreme financial constraint, all the staff had been laid off. The accounts for the year ended September 30, 2002 could not be prepared due to loss of accounting data. Resultantly, AGM could not be held within stipulated time. It was undertaken that the AGM would be held by August 31, 2003. The reasons given by the Company and its directors are untenable as the holding of AGM within stipulated time is a mandatory requirement of law and the Company and its directors are required to ensure the compliance of this statutory requirement. On the commitment that the Company would hold the meeting by August 31, 2003, I am inclined to take a lenient view of the default and instead of imposing fine on all the directors of the Company, impose a token fine of Rs. 20,000 (Rupees twenty thousand only) on the Chief Executive of the Company as provided under Sub-section (1) of Section 158 of the Ordinance.

4. The Chief Executive of the Company is hereby directed to deposit the fine in the bank account of the Securities and Exchange Commission



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maintained within thirty days from the date of this Order and furnish receipted challan to the Securities and Exchange Commission of Pakistan.

RASHID SADIQ

Executive Director (Enforcement and Monitoring)

Announced

June 25, 2003

ISLAMABAD