

Securities and Exchange Commission of Pakistan  
*Enforcement and Monitoring Division*  
7<sup>th</sup> Floor, NIC Building, Jinnah Avenue, Blue Area, Islamabad.

**Before Rashid Sadiq, Executive Director**

*In the matter of*

**M/S APOLLO TEXTILE MILLS LIMITED**

Number and date of notice	EMD/233/86/2002 dated June 11, 2002
Date of hearing	June 26, 2002
Present	Mr. Shahab-ud-Din Siddiqui, Financial Controller Mr. Saeed Nasir, Revenue Advisory Services Mr. Ather Hussain Medina, Nominee Director, NIT

## Order

This order will dispose of the proceedings initiated against M/S Apollo Textile Mills Limited (the “Company”) for failure to hold Annual General Meeting (the “AGM”) for the calendar year 2002 within the prescribed time limit.

2. The facts leading to this case, briefly stated, are that the Company was required to hold its Annual General Meeting (the “AGM”) for the calendar year 2002 on or before March 31, 2002 as required under Sub-section (1) of Section 158 of the Companies Ordinance, 1984 (the “Ordinance”). The Company sought extension in period for holding of AGM, which was allowed up to May 15, 2002. The Company failed to hold its AGM within the aforesaid extended period of time, which necessitated action against the Company, its Chief Executive and its Directors.

3. Consequently, a notice dated June 11, 2002 was issued to the Company, its Chief Executive and Directors calling upon them to show cause in writing as to why penalties as provided under Clause (a) of Sub-section (4) of Section 158 read with Section 476 of the Ordinance may not be imposed on them.

4. No reply was received to the aforesaid show cause notice. In order to give an opportunity of personal hearing, the case was fixed on June 21, 2002, which was adjourned to June 26, 2002. On the date of hearing, Mr. Shahab-ud-Din Siddiqui, Financial Controller of the Company and Mr. Saeed Nasir of Revenue Advisory Services, consultant of the Company appeared on behalf of the Company, its Chief Executive and Directors except Nominee Directors of NIT, who were represented by Mr. Ather Hussain Medina.

5. During the course of hearing and also in written submissions, it was contended that the delay in holding of AGM was due to non-availability of audited accounts of the Company. It was also indicated that due to qualifications in the auditors' report, the audit could not be finalized as anticipated and the auditors delivered their audit report on the annual account of the Company on June 04, 2002. It was also informed that the Company was holding its AGM on June 28, 2002 for which notice of meeting has already been issued. The observance of the statutory requirements in future was also assured. Mr. Ather Hussain Medina on the other hand stated that the nominee directors have been advising the management of the Company to comply with the mandatory requirements of holding of AGM within the stipulated period. In this regard, he also placed on record some letters asking the Company to convene Board of Directors meeting for approval of accounts and for holding of AGM.

6. I have given careful consideration to the arguments advanced on behalf of the Company, its Chief Executive and Directors for not being able to hold AGM within the stipulated period of time, however, none of them justify the delay in holding of AGM. The contention that Annual General Meeting was not held due to non-availability of audited accounts from the auditors of the Company is not a valid reason for delaying the holding of Annual General Meeting. It is the responsibility of the directors to see that annual accounts are prepared and audited timely. It is also their duty to oversee that the Company complies with the statutory requirements. The facts placed before me indicate that the finalization of annual accounts for the year ended September 30, 2001 was delayed due to the qualifications by the auditors in their reports to the members. This clearly shows failure of directors to timely satisfy the auditors' observations pertaining to the aforesaid accounts. Thus, the directors have not taken this statutory requirement of law seriously.

7. From the aforesaid discussion, it is quite obvious that the Chief Executive and directors of the Company have failed to take necessary steps to carry out their statutory obligations. As they had knowledge of legal provisions and consequences of the violations, therefore, I consider that the default was committed willfully and deliberately. In the case of Mr. Ather Hussain Medina and Mr. Faisal Siddiqui, nominee directors of NIT, however, it has been demonstrated that they have made sufficient efforts to persuade the Company to hold AGM within the prescribed time limit. The default in their case was, therefore, beyond their control.

8. In view of the foregoing, the default under Sub-section (1) of Section 158 of the Ordinance is established and the Company, its Chief Executive and Directors except Mr. Ather Hussain Medina and Mr. Faisal Qureshi have made themselves liable under Clause (a) of Sub-section (4) of Section 158 of the Ordinance. As the Company has convened the AGM on June 28, 2002, therefore, I take a lenient view of the default and impose a fine of Rs 10,000 (Rupees

ten thousand) on the Company and its following directors/Chief Executive who have been found responsible for violation of the provisions of Sub-section (1) of Section 158 of the Ordinance.

1. Mr. Zahur Ahmed, Chief Executive
2. Mr. Ikram Zahur, Director
3. Mr. Abdul-Rehman Zahur, Director
4. Haji Shamsullah, Director
5. Mr. Fayaz Ahmed Khan, Director

9. The Company and its aforementioned directors/Chief Executive are hereby directed to deposit the fine amounting to Rs 10,000 each (aggregating Rs. 60,000) in the designated bank account maintained in the name of Securities and Exchange Commission of Pakistan with Habib Bank Limited 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 28, 2002**  
**ISLAMABAD**