

Securities and Exchange Commission of Pakistan
Enforcement and Monitoring Division
NIC Building, Jinnah Avenue, Islamabad

Order

IN THE MATTER OF M/S ACCORD TEXTILES LIMITED
(IN RESPECT OF SHOW CAUSE NOTICE UNDER SUB-SECTION (1) OF SECTION 158
OF THE COMPANIES ORDINANCE, 1984)

No. and date of show cause notice	No.19(711) CF/ISS/93-2001 dated April 27, 2001
Date of hearing	May 09, 2001
Present	Mr. Haider Ali, Chief Executive.
Date of Order	June 29, 2001

The facts of this case are that M/S. Accord Textiles Limited (the "Company") was required to hold its annual general meeting (AGM) for the year ended September 30, 2000 latest by March 31, 2001 under Sub-section (1) of Section 158 of the Companies Ordinance, 1984 (the 'Ordinance'). The Company has applied for two months extension in period for holding the aforesaid AGM but the same was not acceded, as the Company has not given any special reasons for delaying the AGM. The Company was advised to hold the AGM within the prescribed time limit. The Company, its Chief Executive and directors, however, failed to hold the said AGM. Therefore, a show cause notice dated April 27, 2001 was served on the directors including Chief Executive of the Company for the violation of Sub-section (1) of Section 158 of the Ordinance.

2. In response to the aforesaid show cause notice, Mr. Haider Ali, Chief Executive of the Company intimated through his letter dated May 03, 2001 that the delay was not in any way deliberate but due to some reasons beyond the control of the management. He also requested for personal hearing, which was fixed on May 09, 2001.

3. On the date of hearing, Mr. Haider Ali, Chief Executive of the company appeared and explained that the Board of Directors have declared an interim cash dividend @ 2.5 % for the year ended September 30, 2000. However, Habib Bank Limited (H.B.L) main banker of the company pressurized the company to reverse the said decision, as it was breach of the condition of re-scheduling agreement. It was after protracted negotiations that the bank approved the payment of interim dividend through their letter dated September 30, 2000. Due to the aforesaid reasons, the management could not timely prepare and arrange the audit of the annual accounts and delay has taken place in holding of AGM. He also intimated that the audit for the aforesaid year was almost finalized and the company shall be able to hold AGM before end of June 2001. He admitted the default and said that being the Chief Executive, it was his responsibility to ensure timely holding of AGM. He assured that in future, he will make sure that AGMs are held within the prescribed time limit. He also requested that no penalty may be imposed on other directors.

4. The management of the Company is responsible for the timely holding of AGM. The argument that the management was unable to hold the AGM in view of the H.B.L reservation over declaration of interim dividend is without any force. H.B.L through their letter dated September 05, 2000 has approved the interim dividend and the management has sufficient time thereafter to hold AGM. The Chief Executive, therefore, could not prove that the delay in holding of the AGM was beyond the control of the management.

5. In view of the above discussion and after careful consideration of the arguments given by the Chief Executive, the default is considered willful which attracts the provisions of Clause (a) of Sub-section (4) of Section 158 of the Ordinance. However, on the assurance of the Chief Executive that he will ensure timely holding of AGM in future, I take a lenient view of the default and, instead of imposing the fine on every director of the Company, impose a fine of Rs. 20,000 (Rupees twenty thousand only) and a further fine of Rs. 2,000 per day for the continuing default from April 01, 2001 to May 09, 2001 amounting to Rs. 78,000 (Rupees seventy eight thousands only) on the Chief Executive of the company for the default under Sub Section (1) of Section 158 read with Section 476 of the Ordinance.

6. Mr. Haider Ali, Chief Executive of the Company is directed to deposit the fine amounting to Rs.98,000 (Rupees ninety eight thousand only) in the designated bank account of Securities and Exchange Commission of Pakistan, maintained with Habib Bank Limited within 30 days of the date of this Order and furnish a receipted challan to the Securities and Exchange Commission of Pakistan.

Rashid Sadiq
(Executive Director)

Announced
June 29, 2001
ISLAMABAD