



Securities & Exchange Commission of Pakistan
Enforcement and Monitoring Division

[Islamabad]

Before Rashid Sadiq, Executive Director

ORDER

In the matter of

M/S ZAHUR TEXTILE MILLS LIMITED

(Under Sub-section (2) of Section 246 of the Companies Ordinance, 1984)

Number and date of notice	EMD/233/291/2002-2726-2733 October 29, 2002
Date of hearing	May 20, 2003
Present	No one appeared
Date of Order	June 30, 2003

This is a case of violation of the provisions of Section 246 of the Companies Ordinance, 1984 (the "Ordinance") by M/s Zahur Textile Mills Limited (the "Company").

2. The facts leading to this case briefly stated, are that all listed Companies, through SRO No.764 (I) 2001 dated November 05, 2001, issued in terms of Sub-section (1) of Section 246 of the Ordinance, are required to prepare and transmit to their members, Stock Exchanges, Registrar and the Commission their quarterly accounts within one month of the close of relevant quarter of their year of accounts. However, as a special case, one time relaxation was granted by extending the time for submission of first quarter accounts within



Securities & Exchange Commission of Pakistan
Enforcement and Monitoring Division

two months. Accordingly, the Company was required to prepare and transmit its quarterly accounts for the period ended December 31, 2001 by February 28, 2002 to its members, stock exchanges, Registrar and the Commission. The Company failed to comply with the aforesaid requirement, even within the said extended period. The Commission's letter dated March 14, 2003 and April 18, 2003 also remained un-responded. The non-compliance by the Company necessitated action in terms of the aforesaid provisions of law.

3. Consequently, a notice dated October 29, 2002 was issued to the Company, its directors and Chief Executive to show cause in writing within seven days as to why fine as provided in Sub-section (2) of Section 246 of the Ordinance may not be imposed. No response was received to the aforesaid show cause notice.

4. In order to give opportunity for personal hearing, the case was fixed on November 07, 2002, which was adjourned and re-fixed couple of times at the request of the Company and was finally fixed for hearing on May 20, 2003 at Islamabad on which date no one appeared. Instead, a letter was received seeking further extension, which was not allowed. In the circumstances, I proceed to decide this case on its merits.

5. It is the duty of the directors of the Company to ensure compliance with all the statutory requirements. Accordingly, the directors of the company are responsible for timely preparation and submission of quarterly accounts to its members. The disregard of law by the Company and its directors is also evident from the unsatisfactory past record of the Company. The Company and its directors have been penalized a number of times in the past for default in compliance with the mandatory requirements for preparation and transmission



Securities & Exchange Commission of Pakistan
Enforcement and Monitoring Division

of the accounts. The Commission had also taken lenient view of such defaults in the past and minor penalties were imposed. It appears that the directors have not taken the provisions of law seriously, which is also clear from the fact that the Company has failed to submit the accounts of the subsequent quarters. This led me to believe that the directors have no respect for the law and they have intentionally deprived the shareholders of their statutory right to receive the quarterly accounts of the Company. The default in my view is willful and intentional.

6. In view of the foregoing, an action is necessary against the Chief Executive and the directors of the Company. However, taking a lenient view of the default I, hereby, impose a token fine of Rs. 100/- (Rupees one hundred only) per day for 487 days of default on the Chief Executive of the Company instead of imposing the maximum fine on all the directors, which is prescribed at Rs. 1,000 per day per person. The other directors are warned to ensure compliance with this statutory requirement in future.

7. The Chief Executive of the Company is directed to deposit the fine amounting to Rs. 48,700/- (Rupees forty eight thousand seven hundred only) in the designated bank account of the Commission within 30 days of the receipt of this Order and submit a copy of the receipted challan to the Commission.

Rashid Sadiq

Executive Director (Enforcement & Monitoring)

Announced
June 30, 2003
ISLAMABAD