



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

Before M. Zafar-ul-Haq Hijazi, Commissioner (E & M)

In the matter of
M/S AMAZAI TEXTILE MILLS LIMITED

No. and date of show cause notice Under Section 158 (for non-holding of AGM for the year ended 30.09.2002)	EMD/233/212/2002/5889-96 April 10, 2003
No. and date of show cause notice Under Section 245 (for non-filing of Accounts for the quarter ended 31.12.2002)	EMD/233/212/2002/5904-10 April 10, 2003
Date of hearing	August 5, 2003
Present	No one appeared

Order

This Order shall dispose of the proceedings initiated against M/S Amazai Textile Mills Limited (hereinafter referred to as the “Company”) and its directors for default made in complying with the provisions of Sub-section (1) of Section 158 and Sub-section (1) of Section 245 of the Companies Ordinance, 1984 (the “Ordinance”).

2. The underlying facts of this case briefly stated are that the Company was required to prepare and transmit to the members and simultaneously file with the Commission quarterly accounts for the quarter ended December 31, 2002 and was also required to hold annual general meeting (AGM) on or before March 31, 2003 for the financial year ended September 30, 2002 in

which it failed. Therefore two show cause notices of even number dated April 10, 2003 were issued to the Company, Chief Executive and its directors calling upon them to show cause in writing as to why penalty as provided under Sub-section (4) of Section 158 and Sub-section (3) of Section 245 of the Ordinance may not be imposed upon them for the aforesaid contravention. All the show cause notices returned back undelivered with remarks that the watchman refused to accept the notices as the factory was closed since long and addressees of the notices were not present in factory except notices addressed to Mr. Fahd Kundi, Chief Executive and Mrs. Saddozai, Director.

3. Mr. Fahd Kundi, Chief Executive who has responded vide letter dated April 23, 2003 contended that the Company held its annual general meeting on March 31, 2003 in Gadoon and published notice of the meeting in Daily Jasarat and Business Recorder Karachi/Lahore on March 9, 2003. The copy of notice was sent to the Commission alongwith a copy of financial statements through post on December 27, 2002. Moreover quarterly accounts for the quarter ended December 31, 2002 were prepared and sent to the Commission on January 27, 2003. Mr. Fahd has further stated in his reply to show cause notice that the Company has ceased its operations since June 2000, has laid off workers and disposal of assets is being in process to settle the liabilities towards its lender i.e. Muslim Commercial Bank. In order to verify Mr. Fahd's arguments, Karachi and Lahore Stock Exchanges and Joint Registrar of Peshawar were enquired about the status. As per their reply the Company had not held AGM, however KSE referred a notice of AGM in its reply, which was published in newspaper. In order to obtain clarification and give ample of opportunity of hearing to the Company and

the directors, the case was fixed for July 21, 2003 however on the date of hearing no one appeared. The case was again fixed for August 05, 2003 in order to give final opportunity of hearing but no one appeared on the date of hearing instead Mr. Kundi wrote a letter dated July 26, 2003 received in this office on the date of hearing, requesting to condone his personal appearance in Islamabad and to shift the venue of hearing to Karachi due to his health and financial problems. He also reiterated the arguments as were submitted vide his earlier letter.

4. I have given due consideration to the submissions of the directors, however, none of them in my view are tenable. The Company failed to comply with the requirements of holding AGM and preparation and submission of quarterly accounts. It appears that the directors have no respect to these mandatory provisions of law, which is also strengthened from the fact that the accounts for the year ended September 30, 2001 have not been filed to date, moreover, the quarterly accounts for the quarters ended December 31, 2001 and the half yearly accounts for the period ended March 31, 2002 were not filed in time. It is also worth mentioning that an inspector under section 265 was appointed by the Commission to probe into the affairs of the Company. The non-appearance of the respondents, besides repeated notices, on the date of hearing also shows the disregard of the respondents towards the law.

5. In the above circumstances it is established that the defaults under Section 158 and Section 245 of the Ordinance were intentional and willful, however in view of the fact that project of the company is situated in the backward area of NWFP and is laying closed, I am inclined to take a lenient

view of the default and impose on Mr. Fahd Kundi, Chief Executive of the Company fine of Rs.10,000/- only under Section 158 for non-holding of AGM. For the default under Section 245, I impose a fine of Rs. 5,000/- only on the said Mr. Fahd Kundi. The other directors are condoned with a warning and I hope they will react positively to this lenient view and will become careful in the matters of compliance to provisions of Companies Ordinance, 1984.

6. Mr. Fahd Kundi, Chief Executive of the Company is directed to deposit the fine of Rs. 25,000 imposed upon him 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 receipt of this order and furnish the receipted challan to the Commission.

M. Zafar-ul-Haq Hijazi
Commissioner (Enf)

August 20, 2003
ISLAMABAD