



**SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**  
**COMPANY LAW DIVISION**  
(Enforcement Department)

**Before Abdul Rehman Qureshi, Commissioner (CLD)**

*In the matter of*  
**M/s. Valika Art Fabrics Limited**

Date of hearing February 11, 2004  
Present Raja M. Khan, Advocate, Saeed & Co., Advocates

**ORDER**

This Order shall dispose of the proceedings initiated against M/s. Valika Art Fabrics Limited (hereinafter referred to as the “Company”) and its directors for default made in complying with the requirements of Sub-section (1) of Section 158 and sub-Section (1) of Section 233 of the Companies Ordinance, 1984 (the “Ordinance”).

2. The fact of the case in brief is that the Company was required to hold its Annual General Meeting (the “AGM”) for the calendar year 2003 and to lay therein its balance sheet and profit and loss account for the year ended June 30, 2003 on or before October 31, 2003 as required under Sub-section (1) of Section 158 and Sub-section (1) of Section 233 of the Ordinance, but its management failed to comply with this statutory requirement. Therefore, a notice dated December 22, 2003 was issued to the Company, its Chief Executive and directors calling upon them to show cause as to why penalty as provided in clause (a) of Sub-section (4) of Section 158 may not be imposed upon them and prosecution proceedings may not be filed in a competent Court of Law in terms of Sub-section (7) of Section 230 of the Ordinance.

3. Mr. Naveed A. Siddiqui, Advocate, Saeed & Co., replied to the said show cause notice on behalf of all the respondents. He submitted that due to recent changes in the Companies Ordinance, 1984, for holding early AGM and for other unavoidable



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circumstances the company was not in a position to hold the said AGM for the year ended June 30, 2003 within the prescribed period and therefore, it made an application for extension of time in holding of AGM, which was declined by the Commission. He further submitted that another application was made by the company for issuance of direction under Section 170 of the Ordinance for holding its overdue AGM which remained pending with the Commission.

4. In order to provide an opportunity of hearing, the case was fixed on February 11, 2004. On the date of hearing Raja M. Khan, Advocate, Saeed & Co., Advocates appeared and reiterated the same arguments as were earlier submitted in the written reply. He further stated that the Commission has already issued directions under Section 170 of the Ordinance and pursuant to this the Company is holding its overdue AGM on February 14, 2004. He requested for a lenient view of the default.

5. I have given due consideration to the submissions of the respondents and it has been observed that none of the reasons advanced by them justify the delay in holding of AGM and presentation of balance sheet and profit and loss account therein. The plea taken by the Company that the delay in holding of AGM for the year ended June 30, 2003 was due to changes in the Companies Ordinance, 1984, for holding earlier AGM, is not a cogent ground. The company has not provided the detail of other unavoidable circumstances that caused the default.

6. Taking into consideration all the facts of the case, I believe that the default under Section 158 and Section 233 of the Ordinance was willful. However, in view of the facts that the management has been regular in holding of AGMs and filing of accounts in the past and is holding its AGM for the year ended June 30, 2003 on February 14, 2004, I am inclined to take a lenient view and impose a minimum fine of Rs.20, 000/- (Rupees twenty thousand only) on the Chief Executive of the Company only for default made under Section 158 of the Ordinance. Since the Company has already filed its accounts for the financial year 2003 with



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the Commission, therefore, the proceedings initiated under Section 233 of the Ordinance are dropped.

7. The Chief Executive of the Company is hereby directed to deposit the fine of Rs. 20,000/- (Rupees twenty thousand only) 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 to furnish receipted challan to the Commission.

**(Abdul Rehman Qureshi)**  
Commissioner (CLD)

**February 20, 2004**  
**ISLAMABAD**