



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

*Company Law Division*  
*(Enforcement Department)*

**Before Abdul Rehman Oureshi, Commissioner**

*In the matter of*

**M/S SERVICE INDUSTRIES TEXTILES LIMITED**

Date of hearing

September 18, 2003

Present

Mr. Ralph Nazirullah,  
Company Secretary

## **Order**

This Order shall dispose of the proceedings initiated against M/S Service Industries Textiles 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, Sub-section (1) of Section 245 and Sub-section (1) of Section 246 of the Companies Ordinance, 1984 (the “Ordinance”).

2. The company was required to hold its AGM on or before 31<sup>st</sup> March 2003 for the financial year ended 30<sup>th</sup> September 2002 in accordance with the provisions of Sub-section (1) of Section 158 of the Ordinance, but its management failed to comply with this statutory requirement. Therefore, a show cause notice dated April 10, 2003 was issued to the company, its Chief Executive and directors calling upon them to show cause in writing as to why penalty as provided under Sub-section (4) of Section 158 read with Section 476 of the Ordinance may not be imposed upon them for the aforesaid contravention.

3. The company also failed to prepare and transmit to its members and simultaneously file with the Commission quarterly accounts for the quarters ended December 31, 2001, June 30, 2002 December 31, 2002. Therefore, a show cause notice dated April 10, 2003 under Section 245 and a show cause notice dated August 19, 2002 under Section 246 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 (3) of Section 245 and Sub-section (2) of Section 246 of the Ordinance may not be imposed upon them for the aforesaid contravention.



## SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

### *Company Law Division (Enforcement Department)*

4. The company was also required to prepare and transmit to the members and simultaneously file with the Commission half yearly accounts for the half year ended March 31, 2002, but its management failed to comply with this statutory requirement. Therefore, a show cause notice dated August 19, 2002 under Section 245 of the Ordinance was issued to the Chief Executive and its directors calling upon them to show cause in writing as to why penalty as provided under Sub-section (3) of Section 245 of the Ordinance may not be imposed upon them for the aforesaid contravention.

5. In reply to the aforesaid show cause notices, Mr. Muhammad Farooq, nominee director ICP and Mr. Abdul Samad, nominee director NIT vide their letter dated April 21, 2003 submitted that they being nominee directors have been pursuing the Company for compliance of the aforesaid provisions of law. No reply was however, received from the other directors. In order to give an opportunity of personal hearing the case was fixed for July 30, 2003. On the date of hearing Mr. Rana Ahmed Khan, appeared on behalf of Mr. Muhammad Farooq, nominee director of ICP and reiterated the arguments already submitted in the written replies. However, no one appeared on behalf of the other directors, instead a letter dated July 28, 2003 from the Company Secretary was received in which he requested some time due to non-availability of some directors. The case was, therefore, re-fixed for August 18, 2003 and was finally heard on September 18, 2003. Mr. Ralph Nazirullah, Company Secretary appeared and pleaded the case on behalf of other directors. Mr. Shahid Aziz, appeared on behalf of Mr. Muhammad Abdul Samad, nominee director of NIT and pleaded the case.

6. Mr. Ralph Nazirullah, Company Secretary admitted the default and contended that the default was due to financial constraints faced by the Company and requested for a lenient view. Mr. Ralph also gave assurance to comply with the provisions of law in future. Mr. Shahid Aziz reiterated the arguments as were previously advanced in his written reply and requested to condone the default.

7. Taking into account all the relevant facts and circumstances and past record of the Company in regard to holding of AGM and submission of accounts, I feel that defaults under section 158, 245 and 246 were intentional and willful. However, keeping in view



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

*Company Law Division*  
*(Enforcement Department)*

the respondents assurance to be compliant in future, I am inclined to take a lenient view and impose minimum fine of Rs. 10,000/- under Section 158 of the Ordinance. For the default made in submission of half yearly accounts for the period ended March 31, 2002, I, in view of the fact that the management has subsequently filed half yearly accounts for the said period, impose a fine of Rs. 5,000/-. For the default in submission of quarterly accounts for the period ended December 31, 2002, I, considering the fact that the management filed accounts on March 12, 2003, impose a fine of Rs. 5,000/-. The defaults for the quarters ended December 31, 2001 and June 30, 2002 are condoned since these accounts were filed with minor delays. The above fines are imposed on the Chief Executive of the Company only, and all other directors are issued a strict warning to be careful in future.

8. The Chief Executive of the company is directed to deposit the fine imposed upon him i.e Rs 20,000/- 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 receipt of this order and furnish the receipted challan to the Commission.

**(Abdul Rehman Qureshi)**  
Commissioner (C.L.D)

**November 11, 2003**  
**ISLAMABAD**