



# SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

*Company Law Division*  
(Enforcement Department)

*Before Abdul Rehman Qureshi, Commissioner (CLD)*

*In the matter of*  
**M/S F. P. TEXTILE MILLS LIMITED**

Date of hearing

September 25, 2003

Present

Mr. Haroon Nisar, Director,  
Mr. Farrukh Aziz, Director.

## **ORDER**

This Order shall dispose of the proceedings initiated against M/S F. P. 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 Company was required to hold its Annual General Meeting (the “AGM”) on or before 31st March 2003 for the financial year ended 30th 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 notice dated April 10, 2003 was issued to the company, Chief Executive and its directors calling upon them to show cause as to why penalty as provided under Sub-section (4) of Section 158 read with Section 476 of the Ordinance may not be imposed for the aforesaid contravention.

3. The Company also failed to prepare and transmit to the members and simultaneously file with the Commission quarterly accounts for the quarter ended December 31, 2002. Therefore, a notice dated April 10, 2003 was issued to the Chief Executive and its directors calling upon them to show cause as to why penalty as provided under Sub-section (3) of Section 245 read with Section 476 of the Ordinance may not be imposed for the aforesaid contravention.



# SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

## *Company Law Division* (Enforcement Department)

4. In reply to the said show cause notices Mr. Haroon Nisar, Director on behalf of all the respondents contended vide letter dated May 21, 2003 that the Company has held its AGM on March 31, 2003 for the financial year ended September 30, 2002 and the audited accounts were laid before the members in the general meeting. However, due to some internal disturbances in the Company and non availability of directors in Pakistan, the accounts could not be dispatched. He further contended that the quarterly accounts for the period ended December 31, 2002 were also prepared but a delay occurred in transmitting these accounts to the members, the Commission and the Registrar. He submitted that the lapses were not intentional but happened due to misunderstanding of the change in the legal requirements. He also stated that operations of the Company are closed since long. The reply of the respondents was not found satisfactory. Therefore, in order to give an opportunity of personal hearing, the case was fixed for July 23, 2003. On the date of hearing no one appeared instead, a letter dated July 22, 2003 was received from Mr. Haroon Nisar, Director on behalf of the directors. He reiterated the same arguments as mentioned in his letter dated May 21, 2003 and requested for adjournment of hearing. Therefore the case was fixed for August 05, 2003 and August 18, 2003, on which date no one appeared. The hearing was again fixed for September 25, 2003 and on the said date Mr. Haroon Nisar, Director and Mr. Farrukh Aziz, Director appeared.

5. During the hearing, Mr. Haroon Nisar reiterated the same arguments as were already submitted by him in his written reply. He also informed that the Company has submitted its quarterly accounts with registrar office, and requested for condonation of the default.

6. I have given due consideration to the submissions of the respondents and it has been observed that the reasons submitted by defaulters are not tenable as the respondents have failed to furnish any evidence regarding holding of annual general meeting for the year ended September 30, 2002 and transmission of quarterly accounts for the period ended December 31, 2002. The annual accounts of the Company for the year ended



# SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

## *Company Law Division* (Enforcement Department)

September 30, 2003 are still awaited. In view of the above, the default against the company has been established and it cannot be termed as unintentional.

7. Taking into consideration all the facts of this case, I am inclined to believe that the defaults under Sections 158 and 245 of the Ordinance were intentional and willful. However in view of the facts that the management of the Company has not been penalized in the past for violation of law and the company has gone for de-listing from the Stock Exchange by purchasing the shares of minority shareholders at Rs. 10/- per share, I am inclined to take a lenient view of the default and impose a fine of Rs. 20,000/- for non-holding of AGM under Section 158 on the chief executive only. Keeping in view, the fact that the Company has filed the quarterly accounts with the registrar with a delay, the default under Section 245 is hereby condoned. The other directors of the company are warned to be careful in future.

8. The chief executive namely Mian Naseer Ahmed is hereby directed to deposit the fine imposed upon him of Rs 20,000/- (Rupees twenty thousands only) 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 12, 2003  
ISLAMABAD