



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

*Company Law Division
(Enforcement Department)*

Before Abdul Rehman Qureshi, Commissioner (CLD)

In the matter of
M/S Zahur Textile Mills Limited

Date of hearing November 04, 2003
Present Mr. Ejaz-ul-Haq,
Company Secretary

Order

This order shall dispose of the proceedings initiated against the directors of M/S Zahur Textile Mills Limited under Section 186 of the Companies Ordinance, 1984 (“the Ordinance”) for non-holding of election of directors of the Company as required under Section 177 of the Ordinance.

2. The facts of this case briefly stated are that the Company was required to hold its election of directors on or before April 07, 2003 under Section 177 of the Ordinance. The continuing directors, however, failed to hold the election within the prescribed period and they even did not report the impediments to the Registrar within fifteen days as required under Section 177 of the Ordinance. Consequently, a notice dated July 30, 2003 was served upon the directors of the Company to show cause as to why penalty as provided under Section 186 read with Section 476 of the Ordinance, may not be imposed and why they may not be debarred from continuing or becoming the director of the Company for a period of three years.

3. The directors failed to reply the said notice. In order to provide an opportunity of personal hearing, the case was fixed for October 14, 2003. On the said date, representative of Mr. Saif Ullah Khan, nominee director of PICIC appeared and informed that Mr. Saif Ullah Khan has already resigned from the directorship of the Company, he also submitted the copy of his resignation letter. However, no one appeared on behalf of



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other directors, therefore the case was again fixed for November 04, 2003. On the said date Mr. Ejz-ul-Haq, Company Secretary appeared and argued the case.

4. Mr. Ejaz-ul-Haq, Company Secretary contended that the default was due to oversight of relevant provisions of law and assured that Company will hold its election of directors in the month of December 2003. He also gave assurance to comply with the provisions of law in future and requested a lenient view of default.

5. Taking into consideration, all the relevant facts of the case, past record of compliance of statutory provisions of law and the fact that the respondents have admitted their default, I consider that the default was committed willfully and intentionally. All the above circumstances also reflect the respondents' disregard towards the provisions of law and require a strict view of the default. However, keeping in view, the management's assurance to be careful in future and the fact that the management has committed to hold the election of directors in December 2003, I am inclined to take a lenient view and instead of debarring the directors from becoming or continuing a director of the company for a period of 3 years, impose a fine of Rs. 10,000/- on Mr. Mohsin Zahur, Chief Executive only. The other directors of the company taking a lenient view are warned to be compliant of all the provisions of law in future.

6. Mr. Mohsin Zahur, Chief Executive of the company is directed to deposit the fine of Rs. 10,000/- 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.

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

November 12, 2003
ISLAMABAD