



# SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

[Islamabad]

Before Tahir Mahmood  
Executive Director (Enforcement)

In the matter of

Apollo Textile Mills Limited

Order under Section 171 read with Section 476 of the Companies Ordinance, 1984

Show Cause Notice No. and Date: No.EMD/233/86/2002-2087  
Dated February 11, 2009

Date of final hearing: April 2, 2009

Present: No one appeared

Date of Order: April 7, 2009

This Order will dispose of the proceedings initiated against the Chief Executive of Apollo Textile Mills Limited ("Company") for not holding the Annual General Meeting ("AGM") of the Company for the year ended June 30, 2007 for default made in complying with the provisions of Section 171 of the Companies Ordinance, 1984 ("Ordinance").

2. The facts leading to this case, briefly stated, are that in terms of the provisions of Subsection (1) of Section 158 of the Ordinance, the Company was required to hold its the AGM for the year ended June 30, 2008 on or before October 31, 2008. The Commission vide letter No.EMD/233/86/2002-679 dated September 29, 2008, on a request from the Company, allowed the Company, extension in period for holding of AGM and laying therein the annual audited accounts of the Company for the year ended June 30, 2008 ("Accounts"), for a period of 30 days i.e. up to November 30, 2008 as allowed under Section 158 (1) of the Companies Ordinance, 1984 ("Ordinance"). The Company was further directed, under Section 170 of the Ordinance, to convene, within 1 month of the expiry of the aforesaid extension period i.e. up to December 31, 2008, the overdue AGM for the year ended June 30, 2008, so as to lay therein the

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

accounts of the Company, transact other business as required under the law and thereafter submit, within a week of the date of meeting so held, a compliance report along with attested copies of the minutes and the audited accounts so approved.

3. The Company failed to comply with the aforesaid direction of the Commission and failed to convene its overdue AGM. Consequently, the Chief Executive of the Company was served with a Show Cause Notice ("SCN") under Section 171 of the Ordinance as to why a penal action under the above mentioned Section of law may not be taken against him for the aforesaid violation. The reply to the SCN was received vide letter dated February 13, 2009 in which it was informed that the financial results for the year ended June 30, 2008 are still under audit, due to which the Company could not hold the AGM during the time allowed by the Commission. It was further informed therein that the audit was at the final stage and as soon as audit is completed the Company will hold its AGM without any delay. The explanation submitted by the Company was not found cogent and hearing in the matter was fixed for March 17, 2009. The Company, however, in the reply dated March 7, 2009 stated that as they were extremely busy in making arrangements to call AGM in April, 2009 therefore hearing may be deferred until end of May, 2009.

4. The Company was provided with a final hearing opportunity on April 2, 2009 however it was observed that no one appeared on behalf of the chief Executive and nor was any communication received from the Company in this regard. It may be mentioned that the Company vide its letter dated March 11, 2009 asked for the permission of the Commission for holding the overdue AGM on April 10, 2009 to which it was replied that the Commission had directed the Company under Section 170 the Ordinance to convene the aforesaid AGM by December 31, 2008 Therefore, the Company had to hold the AGM on or before the above date failing which penal proceedings under Section 171 were initiated against the Company. As such, the Commission had not restricted the Company from holding of the overdue AGM and same could have been held by the Company anytime. It may be seen that the Company's intention for holding the AGM on April 10, 2009, as informed vide Company's above letter dated March 11, 2009, also did not materialize as the Commission has still not received the notice of AGM from the Company until now.



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5. In view of the foregoing, it can be seen that in light of the direction given to the Company under Section 170 of the Ordinance, the overdue AGM of the Company had to be held on or before December 31, 2008. The law in this case is quite clear and unambiguous. The Chief Executive of the Company has not acted in accordance with the provisions of the law and is therefore responsible for not complying with the direction of the Commission to hold the overdue AGM. He was provided with ample time period to appear for the hearing for which a final notice was given but no response was received from his side and no one appeared on the date of the hearing as well. It is clear that the Chief Executive of the Company has intentionally avoided appearance before me in spite of two opportunities of hearing provided by the Commission. It appears that the Chief Executive does not assign due importance to complying with the requirements of the law. The default in the case is established and is considered willful and deliberate. This attracts the provisions of Section 171 of the Ordinance. I, in exercise of powers conferred upon me under Section 171 read with Section 476 of the Ordinance, impose a fine of Rs.29,000. (Rupees twenty nine thousand only) on the Chief Executive of the Company.

6. The Chief Executive of the Company is hereby directed to deposit within thirty days of the date of the receipt of this Order the aforesaid fine totaling Rs.29,000. (Rupees twenty nine thousand only) in the designated bank account maintained in the name of Securities & Exchange Commission of Pakistan with MCB Bank Limited and furnish a receipted challan to the Commission. In case of non-deposit of the penalty, proceedings under the Land Revenue Act, 1967 will be initiated for recovery of the fines as an arrear of land revenue. It may also be noted that said penalty is imposed on the Chief Executive in his personal capacity; therefore, he is required to pay the said amount from his personal resources.

**Tahir Mahmood**  
**Executive Director (Enforcement)**

**Announced**  
April 7, 2009  
Islamabad