



Corporate Supervision Department
Company Law Division

Before Ms. Amina Aziz – Director (CSD)

In the matter of

Annoor Textile Mills Limited

Number and date of SCN: CSD/ARN/63/2015 dated January 02, 2017
Date of Hearing February 14, 2017, March 27, 2017, April 20, 2017 and
May 03, 2017
Present for Respondent None

ORDER

**UNDER SUB-SECTION (3) OF SECTION 245 READ WITH SECTION 476 OF THE
COMPANIES ORDINANCE, 1984**

This order shall dispose of the proceedings initiated against directors including chief executive (together referred to as "respondents") of **Annoor Textile Mills Limited** (the "Company"). The proceedings against the respondents were initiated through show cause notice (the "SCN") dated January 02, 2016, issued under the provisions of sub-section (3) of section 245 read with section 476 of the Companies Ordinance, 1984 (the "Ordinance").

2. The brief facts of the case are that as per record, the Company did not file the interim financial statements ("Quarterly Accounts") for the period September 30, 2016 in physical form with the Commission, as per requirements of section 245 of the Ordinance.

Consequently, the SCN was issued to the respondents whereof they were called upon to show cause in writing as to why penal action may not be taken against them under sub-section (3) of section 245 of the Ordinance for not filing the aforesaid Quarterly Accounts.

3. The respondents failed to submit any reply to the SCN. Hearings in the matter were fixed for February 14, 2017, March 27, 2017 and April 20, 2017 but no response was received. In order to provide a final opportunity the matter was fixed for May 03, 2017. It was explicitly mentioned in the hearing notice that in case of non-appearance of the respondents, the commission will proceed with an ex-parte order based on material available. The respondents neither replied nor appeared hence this Order.



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4. Before proceeding further, it is necessary to advert to the following relevant provisions of the Ordinance.

In terms of sub-section (1) of section 245 of the Ordinance read with Commission's circular no. 9 dated March 19, 2003, all listed companies are, inter alia, required to file their quarterly accounts with the Commission within stipulated time i.e. one month from the close of first and third quarters and two months from the close of second quarter.

Sub-section (3) of section 245, inter alia, provides as under:

(3) If a company fails to comply with any of the requirements of this section, every director, including chief executive and chief accountant of the company who has knowingly by his act or omission been the cause of such default shall be liable to a fine of not exceeding one hundred thousand rupees and to a further fine of one thousand rupees for every day during which the default continues.

In terms of the Commission's notification SRO 1003 (I)/2015 dated October 15, 2015, the powers to adjudicate cases under section 245 have been delegated to the Director (Corporate Supervision Department).

5. I have analyzed the facts of the case, relevant provisions of the Ordinance, and submissions made by the respondents. Before deciding upon on matter I would like to highlight that the requirement to circulate interim accounts was introduced so that the shareholders could have timely access to information about the affairs of companies. Keeping in view the fact that timing of interim financial statements is of essence the disclosure and audit requirements of these accounts have been kept to a bare minimum. Interim financial statements prepared properly and in a timely manner not only provide to its users a reliable source of information regarding a company's financial position and performance but these also show the results of management's stewardship of resources entrusted to it. In order to ensure transparency, all the companies must meticulously follow the legal requirement for preparing and circulation of interim accounts. In addition to their responsibility of overseeing and managing affairs of the Company, directors also have fiduciary duties towards the Company and its shareholders. They are, therefore, liable to a higher level of accountability which requires them to be vigilant and perform their duties with care and prudence. It is directors' responsibility to oversee the functioning of the company, to keep it appropriately staffed and organized to ensure due compliance of law.



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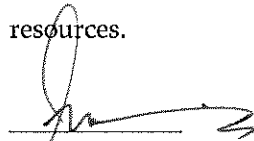
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6. It is clear that the aforesaid Quarterly Accounts of the Company were not filed by the Company. The respondents have not given a valid justification for the non-compliance of law. Keeping in view of the above I, hereby impose a fine of Rs. 70,000 on the respondents in aggregate for contravening the provision of section 245 of the Ordinance. The respondents are directed to deposit the fine in the following manner:

S.#	Names of Directors	Amount in Rs.
1	Mr. Muhammad Ibrahim	20,000
2	Mr. Farooq Ibrahim	20,000
3	Mr. Muhammad Arif	20,000
4	Mr. Abdul Qadir	20,000
5	Mr. Muhammad Arshad	20,000
6	Mr. Muhammad Anees	20,000
7	Mr. Muhamad Irshad	20,000
	TOTAL	140,000

The aforesaid fines must be deposited in the designated bank account maintained with MCB Bank Limited in the name of the "Securities and Exchange Commission of Pakistan" within thirty days from the receipt of this order and receipted bank vouchers must be furnished to the Commission. In case of non-deposit of the fine, proceedings for recovery of the fines as arrears of land revenue will be initiated. It may also be noted that the aforesaid fines are imposed on the respondents in their personal capacity; therefore, they are required to pay the said amount from personal resources.


Amina Aziz
Director (CSD)

Announced:
June 30, 2017
Islamabad

