



Corporate Supervision Department
Company Law Division

Before Ms. Amina Aziz – Director (CSD)

In the matter of

Ayesha Textile Mills Limited

Number and date of SCN: CSD/ARN/85/2015-541-47 dated August 16, 2016
Date of Hearing August 29, 2016
Present for Respondent Mr. Haroon Abdullah, Authorized Representative

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 **Ayesha Textile Mills Limited** (the "Company"). The proceedings against the respondents were initiated through show cause notice (the "SCN") dated August 16, 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 following periods in physical form with the Commission, as per requirements of section 245 of the Ordinance:

Quarter Ended	Due On
31-Dec-14	28-Feb-15
31-Mar-15	30-Apr-15
30-Sep-15	31-Oct-15
31-Dec-15	29-Feb-16
31-Mar-16	30-Apr-16

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.



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Corporate Supervision Department
Company Law Division

Continuation Sheet - 1 -

3. In response to the SCN, the respondents vide letter dated August 20, 2016 submitted that the Quarterly Accounts could not be filed in time as the company faced difficulties due to closure of production operations and restructuring of staff. It was further stated that despite difficulties due to power outages, assurance is given that due compliance of law will be made in future in respect of filing of accounts.

4. In hearing held on August 29, 2016, Mr. Haroon Abdullah, Authorized Representative of the respondents, appeared before the undersigned and reiterated that that the company was facing difficulties due to closure of operations that caused the delay in filing of accounts. He submitted that quarterly accounts for the aforesaid periods were duly e-filed. He was apprised of the fact that the companies are required to file physical copies of the Quarterly Accounts with the Commission, in addition to e-filing with the company registration offices.

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.

6. In connection with this it is important to note that the applicable legal framework, i.e. section 245 of the Ordinance requires separate filing of Quarterly Accounts with the Commission



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Corporate Supervision Department
Company Law Division

Continuation Sheet - 2 -

and the Registrar of Companies. In respect of filing of Quarterly Accounts with the Registrar, e-filing mode has been adopted; however, it does not currently cater for filing of accounts with the Commission. As such, companies are still required to file their quarterly and annual accounts in physical form at the Commission's head office. This fact has been amply clarified by the Commission through a press release dated January 2, 2014.

7. It is clear from the record that the Company did not file the aforesaid Quarterly Accounts in time with the Commission; however, considering the submissions of the respondents, instead of imposing fine, I hereby conclude the proceedings with a warning to the respondents to be careful in future and ensure meticulous compliance with provisions of section 245 of the Ordinance. Perusal of record also reveals that the Company has not yet filed the aforesaid Quarterly Accounts with the Commission in physical form. Therefore, I hereby invoke the provisions of section 473 of the Ordinance and direct the respondents to file physical copies of the aforesaid Quarterly Accounts with the Commission along with the filing fee.



Amina Aziz
Director (CSD)

Announced:
October 04, 2016
Islamabad