



Corporate Supervision Department
Company Law Division

Before Mr. Abid Hussain – Executive Director (CSD)

In the matter of

Azmat Textile Mills Limited

Number and date of SCN: CSD/ARN/164/2015-905-907 dated December 27, 2017

Date of Hearing: January 11, 2018

Present: Mr. Asghar Imam Khalid & Mr. Riaz Haider, Khalid Imam & Co., Chartered Accountants (Authorized Representatives)

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 the following directors including the chief executive officer (together referred to as "respondents") of Azmat Textile Mills Limited (the "Company"):

- 1 Mr. Azmat Hafeez Sheikh
- 2 Mr. Khalid Azmat Sheikh
- 3 Mr. Hamid Azmat Sheikh

The proceedings against the respondents were initiated through show cause notice dated December 27, 2017 (*the "SCN"*) under the provisions 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"*) in physical form with the Commission, as per requirements of section 245 of the Ordinance for the following period:

Quarter Ended	Due On
March 31, 2017	May 31, 2017



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Consequently, the SCN was issued to the respondents wherein 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. Hearing in the matter was held on January 11, 2018. Mr. Asghar Imam Khalid and Mr. Riaz Haider, Khalid Imam & Company, Chartered Accountants (*the "Authorised Representatives"*) appeared on behalf of the Company before the undersigned. The authorized representatives also submitted a written reply in this regard during the hearing. It was informed that the Company is dormant since the year 1993 and also on the defaulter counter of PSX since decades. They also acceded that the accounts had been submitted though with some delay. The representatives further explained that it is very difficult for the Company to comply with the mandatory provisions of law due to its dormancy and keeping in view that the business activity of the company is halted. The Company has no work force. They further requested to take a lenient view in the matter.

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 Executive Director (Corporate Supervision Department).



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6. I have considered the written submission and the arguments put forth in the hearing. The aforesaid Quarterly Accounts of the Company were filed by the Company with a delay. However taking a lenient view and keeping the peculiar circumstances of the Company I, hereby conclude the proceedings with a warning and direct the respondents to be careful in future and ensure meticulous compliance with applicable laws and directions of the Commission.

ABID HUSSAIN
Executive Director
Corporate Supervision Department

Announced:
February 22, 2018
Islamabad

