



Corporate Supervision Department
Company Law Division

Before Abid Hussain – Executive Director

in the matter of
Finishers Limited

Number and date of notice: No. CSD/ARN/468/2017-91 dated July 11, 2017

Date of Reply: July 22, 2017

ORDER

Under Section 193 read with Section 476 of the Companies Ordinance, 1984

This order shall dispose of the proceedings initiated against the directors of Finishers Limited (*the "Company"*), through show cause notice dated July 11, 2017 (*the "SCN"*) under the provisions of Section 193 read with Section 476 of the Companies Ordinance 1984 (*the "Ordinance"*).

2. Brief facts of the case are that examination of annual audited financial statements for the year ended June 30, 2016 (*the "Accounts"*) of the Company and letter of the Company dated April 12, 2017 in response to the Commission's letter dated March 15, 2017 revealed that the company held only one meeting of the board of directors during the year. The Company in its reply dated April 12, 2017 informed that one meeting of Board of Directors was held as there was no agenda for meeting of directors in each quarter.

3. Sub-section (2) of section 193 of the Ordinance requires that the directors of a public company shall meet at least once in each quarter of a year. Consequently, the SCN was issued to the directors of the Company (*the "Respondents"*) wherein the respondents were called upon to show cause in writing as to why penal action may not be taken against them. The Respondents submitted reply to the SCN vide letter dated July 22, 2017, the relevant parts of which are reproduced below;

"we would like to submit that all the directors of the Company are law abiding persons and are family members operating this family business for which informally meetings has been placed regularly but since now these meetings will be held on quarterly basis and minutes will be recorded in the minutes book.

This is to inform that earlier company has never defaulted in compliances of SECP Regulations or Companies Ordinance and we again assure you that since today we will fully comply with the provisions of section 193 in their full spirit to meet the requirements of the Ordinance.

Keeping in view of above facts, you are requested to kindly take a lenient view in this regard and withdraw the above subject show cause notice."

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

SECURITIES AND EXCHANGE
COMMISSION OF PAKISTAN
NIC Building, 63 Jinnah Avenue,
Islamabad, Pakistan



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

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Sub-section (2) of section 193 of the Ordinance requires that provides that the directors of a public company shall meet at least once in each quarter of a year.

Sub-section (3) of section 193 of the Ordinance, *inter alia*, provides that if a meeting of directors is not held as required by sub section (2), the chairman of the directors and the directors of a company shall be liable:

(a) ...

(b) to a fine not exceeding two thousand rupees and in the case of a continuing default to a further fine not exceeding fifty rupees for every day after the first during which the default continues, if the contravention relates to a non-listed company.

5. In terms of the Commission's notification SRO 1003 (I)/2015 dated October 15, 2015, the powers to adjudicate cases under section 193 have been delegated to the Executive Director (Corporate Supervision Department).

6. As regards the matter at hand, I have analyzed the facts of the case, relevant provisions of the Ordinance, representations made by the respondents in their written response to the contents of the SCN. The respondents have contravened the provisions of Sections 193 of the Ordinance and admitted this. A written assurance of future compliance of the relevant provisions of law has been submitted. It has also been informed by the respondents that the Company is family owned business. The Form-A filed with the Commission also depicts that the company is a closely held public unlisted company. I, while considering the past compliance record of the Company and in view of the fact that there is no public interest involved and that the respondents have given assurance of future compliance, take a lenient view of the non-compliance and instead of imposing a fine, conclude the proceedings with a warning to the respondents to remain careful in future and ensure meticulous compliance of law in future.

Abid Hussain

Executive Director (Corporate Supervision Department)

Announced:

February 28, 2018

Islamabad