



Corporate Supervision Department
Company Law Division

Before Abid Hussain – Executive Director

In the matter of

Ghazi Fabrics International Limited

Number and date of notice: CSD/ARN/548/2018 dated November 13, 2018
Date of hearing: November 29, 2018
Present: Mr. Majid Rehman – Company Secretary
(Authorized Representative)

ORDER

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

This Order shall dispose of the proceedings initiated against the following directors (*the "Respondents"*) of Ghazi Fabrics International Limited (*the "Company"*) through Show Cause Notice (*the "SCN"*) dated November 13, 2018 issued under the provisions of Section 193 read with Section 476 of the Companies Ordinance 1984 (*the "Ordinance"*).

S. No.	Names of Director
1.	Mrs. Azra Yasmin (Chairperson)
2.	Mohammad Arshad Chaudhry (Chief Executive)
3.	Kamran Arshad
4.	Rizwan Arshad
5.	Fareeha Arshad
6.	Wajeeha Haaris
7.	Muhammad Imran Rasheed

2. Brief facts of the case are that directors' report attached to Annual Audited Accounts for the year ended June 30, 2017 (*the "Accounts"*) of the Company showed that during the year the Company held four meetings of board of directors i.e. on October 24, 2016, October 28, 2016, February 21, 2017 and April 21, 2017. The Company however did not held any board meeting during its first quarter ended September 30, 2016. This depicted that the directors of the Company have *prima facie*, contravened the provisions of sub-section (2) of section 193 of the Ordinance. Therefore, SCN dated November 13, 2018 was issued to the Respondents under the provisions of section 193 read with Section 476 of the Ordinance.

3. SCN was responded by Mr. Majid Rehman, Company Secretary vide his letter dated November 15, 2018. He submitted that annual general meeting for the year ended June 30, 2016 was extended by one month. Due to this, the board meeting wherein agenda item regarding consideration of annual accounts and other related matters was also postponed. We however, regret this noncompliance and give our commitment to comply with all other relevant requirement in future.

4. Subsequent to the reply of the SCN, hearing in the matter was fixed on November 29, 2018, which was attended by Mr. Majid Rehman, Company Secretary as Authorized Representative. He reiterated the viewpoint as submitted in his reply to the SCN.



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

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5. Before proceeding further, I consider it necessary to stipulate to the relevant provisions of law:

- Provisions of 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.

- Sub-section (3) of section 193 of the Ordinance, inter alia, provides that

If a meeting of directors is conducted in the absence of a quorum specified in sub-section (1), or a meeting of directors is not held as required by sub section (2), the chairman of the directors and the directors shall be liable—

(a) to a fine not exceeding ten thousand rupees and in the case of a continuing default to a further fine not exceeding one hundred rupees for every day after the first during which the default continues, if the contravention relates to a listed company;

6. In terms of the Commission's notification SRO 751 (I)/2017 dated August 2, 2017, the powers to adjudicate cases under Section 193 of the Ordinance have been delegated to Executive Director (Corporate Supervision Department).

7. I have examined the facts of the case, relevant provisions of the Ordinance, arguments put forth by the Authorized Representative. I would like to mention here that provisions of Section 193 of the Ordinance are unambiguous and clear, which requires board to meet at least once in each quarter of a year. In this instant case, the board failed to meet during first quarter ended September 30, 2016. The argument put forth in this regard was that the Company sought one-month extension from the Commission to convene its AGM for the year ended June 30, 2017, does not hold merit and does not exonerate the board from noncompliance with the provisions of Section 193 of the Ordinance. However, Authorized Representative gave his firm commitment to comply with the all relevant requirement in future. It is important to point out that the self-realization and compliance assurance is a significant consideration for me. Furthermore, enforcement and regulatory function of the Commission is aimed to develop a complaint corporate structure. Therefore, I take a lenient view and hereby advise the Respondents to ensure meticulous compliance of law in future.

ABID HUSSAIN
Executive Director
Corporate Supervision Department

Announced:

February 13, 2019

Islamabad

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