



Corporate Supervision Department  
Company Law Division

Before Ms. Amina Aziz – Director (CSD)

*In the matter of*

**Globe Textile Mills Limited**

Number and date of SCN: No. CSD/ARN/172/2015-4245-51 dated May 06, 2015 and;  
No. CSD/ARN/172/2015-653-59 dated August 24, 2016

Date of hearing: June 27, 2016, July 20, 2016, September 06, 2016 and September 27, 2016.

Present: Mr. Jawwad Shekha  
Mr. Arshad Arif, Director

**ORDER**

**UNDER 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 Globe Textile Mills Limited (the “Company”):

- 1 Mr. Arif Haji Habib
- 2 Ms. Farzana Arif
- 3 Ms. Gul Bano Haji Habib
- 4 Mr. Arshad Arif
- 5 Ms. Misbah Arif
- 6 Ms. Farzeen Fazl-e-Umer
- 7 Ms. Sameera Yasin Saya

The proceedings against the respondents were initiated through show cause notices dated May 6, 2016 (the “SCN-I”) and August 24, 2016 (the “SCN-II”) 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 the Company did not file the interim financial statements (“Quarterly Accounts”/Half Yearly) for the following periods with the Commission, in a timely manner as per requirements of section 245 of the Ordinance:

Quarter Ended	Due on
31-Dec-15	29-Feb-16
31-Mar-16	30-Apr-16

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# SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

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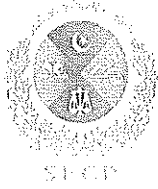
Consequently, the SCNs was issued to the respondents wherein they were called upon to show cause in writing within fourteen days as to why penal action may not be taken against them under sub-section (3) of section 245 of the Ordinance for not filing the aforesaid Quarterly Accounts with the Commission in a timely manner, as per requirements of the law.

3. The Company vide letter dated 23<sup>rd</sup> May 2016, replied to the SCN-I and stated that the filing of accounts was delayed due to the over-due AGM for which it had already sought directions. In the light of this argument, it requested for more time for furnishing of accounts since the management was in the process of finalizing them. The hearing in this regard was fixed on June 27, 2016 for which the Company vide its letter dated June 25, 2016 requested for adjournment and hence it was re-fixed for July 20, 2016. On the hearing date, Mr. Jawwad Shekha the authorized representative appeared before the under signed and informed that the Company has not been operational; AGM is over-due because of all these factors the accounts had been delayed. He further requested to take a lenient view. The accounts were filed on June 29, 2016 with a delay of 121 days. Previously the Company had filed the accounts of Sep-Oct 2015 with a delay of 88 days (letter dated January 27, 2016).

The accounts for the quarter March-April 2016 were filed in July 2016 with a delay of 93 days (reference letter dated July 29, 2016) for which SCN - II was issued. Hearing in this matter was fixed on September 06, 2016 which was re-fixed on the Company's request (vide letter dated September 05, 2016) on September 27, 2016. Mr. Arshad Arif (Director) and Mr. Jawwad Shekha appeared before the undersigned and reiterated the same facts that the Company is dormant and there is heavy backlog of work which has caused the delay in filing of accounts.

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.



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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.

6. It is clear that the aforesaid Quarterly Accounts of the Company were not filed by the Company in time. The filing history of the company shows that the quarterly accounts have repeated been filed with delays . Keeping in view of the above I, hereby impose a fine of Rs. 5000 for each quarter on each of the respondents aggregating to Rs.70,000 for contravening the provision of section 245 of the Ordinance. The respondents are directed to deposit the fine in the following manner:



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S.#	Names of Directors	31-Dec-15	31-Mar-16	Amount in Rs.
1	Mr. Arif Haji Habib	5000	5000	10,000
2	Ms. Farzana Arif	5000	5000	10,000
3	Ms. Gul Bano Haji Habib	5000	5000	10,000
4	Mr. Arshad Arif	5000	5000	10,000
5	Ms. Misbah Arif	5000	5000	10,000
6	Ms. Farzeen Fazl-e-Umer	5000	5000	10,000
7	Ms. Samreen Yasin Saya	5000	5000	10,000
	<b>TOTAL</b>	<b>35,000</b>	<b>35,000</b>	<b>70,000</b>

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:  
January 13, 2017  
Islamabad