



Corporate Supervision Department
Company Law Division

Before Ms. Amina Aziz – Director (CSD)

In the matter of

Globe Textile Mills (OE) Limited

Number and date of SCN: No. CSD/ARN/267/2016-2669-75, dated February 07,
2017
Date of hearing: February 22, 2017
Authorized Representative: Mr. Arshad Arif, Director

ORDER

UNDER SECTIONS 158 AND 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 (OE) Limited (the "Company"):

- | | | | |
|---|------------------------|---|------------------|
| 1 | Mr. Arif Haji Habib | 5 | Ms. Misbah Arif |
| 2 | Mr. Mehroon Yasin Saya | 6 | Ms. Humaira Arif |
| 3 | Ms. Farzana Arif | 7 | Ms. Saman Arif |
| 4 | Mr. Arshad Arif | | |

The proceedings against the respondents were initiated through show cause notice (the "SCN") dated February 07, 2017 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 was required to hold its annual general meeting ("AGM") for the year ended June 30, 2016 on or before October 31, 2016, in terms of sub-section (1) of section 158 of the Ordinance. However, review of record revealed that the Company failed to convene the AGM as per requirement of the law. Furthermore, the Company did not file the interim financial

Corporate Supervision Department
Company Law Division

statements ("Quarterly Accounts") for the following periods with the Commission, in a timely manner as per requirements of section 245 of the Ordinance:

Quarter Ended	Due on
30-Sep-16	31-Oct-16

Consequently, the SCN dated February 07, 2017 was issued to the respondents whereof they were called upon to show cause in writing within fourteen days as to why penal action may not be taken against them under section 158 and sub-section (3) of section 245 of the Ordinance respectively for non-holding of AGM and for filing the aforesaid Quarterly Accounts with the Commission in a timely manner, as per requirements of the law.


4. Mr. Arshad Arif, director of the Company appeared on behalf of the Company before the undersigned. He informed that the due AGM was held on February 06, 2017 in which the pending accounts were approved and submitted to the Commission.

5. 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.

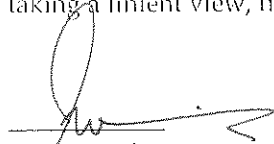


Corporate Supervision Department
Company Law Division

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).

6. I have analyzed the facts of the case, relevant provisions of the Ordinance, and submissions made by the respondents. Before deciding upon on matter, 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 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 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.

7. Keeping in view that the Company has held its overdue AGM and submitted the non-filed accounts and has made firm commitment to timely comply with the mandatory statutory requirement I, taking a lenient view, hereby conclude the proceedings with a stern warning.



Anyina Aziz
Director (CSD)

Announced:
March 15, 2017
Islamabad

