



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: CSD/ARN/267/2016-645-51 dated August 24, 2016  
Date of Hearing: September 27, 2016  
Present for Respondent: Mr. Arshad Arif, Director  
Mr. Jawwad Shekha, Authorized Representative

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

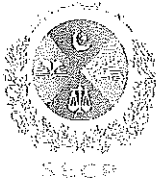
- |   |                        |   |                    |
|---|------------------------|---|--------------------|
| 1 | Mr. Arif Haji Habib    | 5 | Ms. Misbah Arif    |
| 2 | Mr. Mehroon Yasin Saya | 6 | Ms. Humaira Arshad |
| 3 | Ms. Farzana Arif       | 7 | Ms. Saman Arif     |
| 4 | Mr. Arshad Arif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

The proceedings against the respondents were initiated through show cause notice (the “SCN”) dated August 24, 2016 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”) for the quarters ended December 31, 2015 and March 31, 2016 due on February 29, 2016 and April 30, 2016 respectively in physical form with the Commission, as per requirements of section 245 of the Ordinance.

3. Failure of the Company to comply with the aforementioned mandatory requirements within the prescribed time necessitate action against the respondents in terms of Sub-section (3) of Section 245 of the Ordinance. Consequently, the SCN was issued to the respondents whereof 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 within prescribed time.

3. In hearing held on September 27, 2016, Mr. Arshad Arif, Director of the Company and Mr. Jawwad Shekha, Authorized Representative of the Respondents, appeared before the undersigned and submitted that



# SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Corporate Supervision Department  
Company Law Division

Continuation Sheet - 1 -

the company is facing liquidity issues and that the company is not running in full capacity. They assured that the accounts would be submitted as soon as possible. However, the quarterly accounts for the period ended December 31, 2015 and March 31, 2016 were received in physical form by the Commission on November 11, 2016 with a delay of 256 and 195 days respectively.

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 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.



# SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

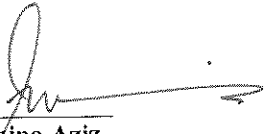
Corporate Supervision Department  
Company Law Division

Continuation Sheet - 2 -

6. It is clear that the aforesaid Quarterly Accounts were not filed within prescribed by the Company. The default under Sub-section (1) of Section 245 of the Ordinance has been established. Keeping in view of the above I hereby impose a fine of Rs140,000 on the respondents in aggregating under Sub-section (3) of Section 245 of the Ordinance for contravening the provision of Section 245 (1) of the Ordinance. The respondents are directed to deposit the fine in the following manner:

S.#	Names of Directors	Amount in Rs.
1	Mr. Arif Haji Habib	20,000
2	Mr. Mehroon Yasin Saya	20,000
3	Ms. Farzana Arif	20,000
4	Mr. Arshad Arif	20,000
5	Ms. Misbah Arif	20,000
6	Ms. Humaira Arshad	20,000
7	Ms. Saman Arif	20,000
	<b>TOTAL</b>	<b>140,000</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.

  
**Antina Aziz**  
Director  
Corporate Supervision Department

**Announced:**  
January 13, 2017  
Islamabad

