



**Corporate Supervision Department  
Company Law Division**

Before Abid Hussain – Executive Director

*In the matter of*

**Nazir Cotton Mills Limited**

Number and date of Notice: CSD/ARN/151/2015-741-47 dated November 7, 2017

Date of hearing: November 30 2017 & February 22, 2018

Present: Mr. Muhammad Hayat Jasra, FCMA  
Mr. Maqbool Hussain Bhutta, Director, Nazir Cotton Mills Limited  
(Authorized Representatives)

**ORDER**

**UNDER SECTION 204 A READ WITH SECTION 498 AND 476 OF THE COMPANIES  
ORDINANCE, 1984**

This Order shall dispose of the proceedings initiated against the Directors (*the "Respondents"*) of Nazir Cotton Mills Limited (*the "Company"*) through Show Cause Notice (*the "SCN"*) dated November 7, 2017 issued under the provisions of Section 204 A read with Section 498 and 476 of the Companies Ordinance 1984 (*the "Ordinance"*).

2. Brief facts of the case are that inspection under Section 231 of the Ordinance was initiated against the Company vide Order dated January 6, 2017. The Inspection officers were authorized to conduct inspection in to all aspects of the Company and scrutinize all the records, books of accounts, books and papers of the Company. During course of the inspection, inspection team observed that Company Secretary appointed by the Company is not in whole time employment of the Company. Services of Company secretary are engaged on ad-hoc basis and free of cost. Liaison person coordinating on behalf of the Company with Inspection team, Mr. Maqbool Hussain Bhutta, who is CFO and one of the directors of the Company, admitted that Company Secretary is not in whole time employment of the Company. The Company's board of directors therefore *prima facie* contravened the provisions of Section 204 A of the Ordinance, by not appointing a whole time company secretary.



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3. In view of the aforesaid, the SCN was served on the Respondents to show cause as to why penal action may not be taken against them for violation with the provisions of aforesaid section.

4. Subsequent to the issuance of the SCN, hearing in the matter was fixed on November 30 2017 and thereafter on February 22, 2018. Mr. Muhammad Hayat Jasra FCMA and Mr. Maqbool Hussain Bhutta, CFO and director of the Company attended the hearing proceedings as Authorized Representatives. During the hearing proceedings, the Authorized Representatives submitted that the operations of the Company are closed since the year 2009. The Company is not in position to hire a full time company secretary. It is mandatory for the operational company to have the full time company secretary. In the Company's case, as the company is not in operation and the financial position is not well, so company cannot afford the financial cost of the company secretary. The Authorized Representatives thereby admitted the default with the provisions of Section 204 A of the Ordinance.

5. Before proceeding further, it is necessary to advert to the relevant provisions of law:

Section 204 A of the Ordinance states that:

- (1) *A listed company shall have a whole time secretary and a single member company shall have a secretary possessing such qualification as may be prescribed.*

Section 498 of the Ordinance states that

*If a company or any other person contravenes or fails to comply with any provision of this Ordinance or any condition, limitation or restriction subject to which any approval, sanction, consent, confirmation, recognition, direction or exemption in relation to any matter has been accorded, given or granted, for which no punishment is provided elsewhere in this Ordinance, the company and every officer of the company who is in default or such other person shall be punishable with a fine which may extend to 4[one] million rupees, and, where the contravention is a continuing one, with a further fine which may extend to 5[one hundred thousand] rupees for every day after the first during which the contravention continues.*

6. In terms of the Commission's notification SRO 751 (I)/2017 dated August 2, 2017, the powers to adjudicate cases under Section 498 of the Ordinance have been delegated to Executive Director (Corporate Supervision Department).



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7. I have analyzed the facts of the case, relevant provisions of the Ordinance, representation given by the Authorized Representatives during the hearing and observed that the Respondents are in contravention with the provisions of Section 204-A of the Ordinance. The Authorized Representatives also admitted the default during the hearing proceedings.

8. In view of the above, I am of opinion that the Respondents failed to comply with the provisions of Section 204 A of the Ordinance. Directors failed to appoint a whole time company secretary as require in the statute. I hereby impose a token fine of Rs.5,000 (Rupees five thousand only) on each Respondent under the provision of Section 498 of the Ordinance. The detail of penalty imposed on each director is as under:

| S.# | Names of Directors         | Rs.           |
|-----|----------------------------|---------------|
| 1   | Mian Shahzad Aslam         | 5,000         |
| 2   | Mian Farrukh Naseem        | 5,000         |
| 3   | Mian Aamir Naseem          | 5,000         |
| 4   | Mr. Maqbool Hussain Bhutta | 5,000         |
| 5   | Mr. Muhammad Asghar        | 5,000         |
| 6   | Mr. Muhammad Abbas         | 5,000         |
| 7   | Mr. Sibgat Ullah           | 5,000         |
|     | <b>Total</b>               | <b>35,000</b> |

The aforesaid fine 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 furnish receipted bank vouchers to the Commission. In case of non-deposit of fine, proceedings for recovery of the fines as arrears of land revenue will be initiated. It may also be noted that the said fines are imposed on the Respondents in their personal capacity; therefore, they are required to pay the said amount from personal resources.

**ABID HUSSAIN**  
Executive Director  
Corporate Supervision Department

**Announced:**  
May 23, 2018  
Islamabad

