

Securities and Exchange Commission of Pakistan
Enforcement and Monitoring Division
NIC Building, Jinnah Avenue, Islamabad

IN THE MATTER OF
M/S ACCORD TEXTILE MILLS LIMITED
*(IN RESPECT OF SHOW CAUSE NOTICE UNDER CLAUSE (B) OF SUB SECTION (1) OF SECTION 245
READ WITH SECTION 476 OF THE COMPANIES ORDINANCE, 1984)*

No. and date of show cause notice	No.19 (711) CF/ISS/2001 dated August 31, 2001
Date of hearing	March 04, 2002
Present	Mr. Haider Ali, Chief Executive

ORDER

The facts leading to this case, briefly stated are that M/S. Accord Textile Mills Limited (the "Company") was required to prepare and transmit to the members within two months of the close of the first half of its year of account, the profit and loss account and the balance sheet (the "half yearly accounts") as at the end of that year under clause (a) of Sub-Section (1) of Section 245 of the Companies Ordinance (the "Ordinance"). The Company was also required to file with the Registrar and the Commission three copies of such half yearly accounts simultaneously with the transmission to its members under Clause (b) of Sub-section (1) of Section 245 of the Ordinance.

2. The Company failed to transmit the half yearly accounts for the period ended March 31, 2001 to the members and file the same with the Commission within the prescribed time. A show cause notice dated August 31, 2001 was, therefore, served on the directors including the Chief Executive of the Company calling upon them to show cause in writing within seven days of the receipt of the notice as to why penalty as provided in Sub-section (3) of Section 245 of the Ordinance may not be imposed for the aforesaid contravention.

3. In order to provide an opportunity of being heard, the case was fixed for hearing on February 11, 2002 on which date no one appeared. Another opportunity was provided and the case was finally fixed on April 04, 2002 on which date Mr. Haider Ali, Chief Executive of the Company appeared before the undersigned and argued that the Company could not hold the Annual General Meeting for the year ended September 30, 2000 on due time, for which a penalty of Rs. 98,000 was imposed and duly paid. As the annual accounts were not finalized in time, therefore the half yearly accounts were also delayed. He stated that the half yearly accounts have already been dispatched to the shareholders and transmitted to the Commission. He requested for a lenient view and assured that such default would not occur in future.

4. There is no denying the fact that circulation of half yearly accounts is a requirement known to all the directors / Chief Executive and other stake holders of a listed company. The Company has not been able to give convincing justification that the directors were not aware of the requirements of Section 245 of the Ordinance and the default was not willful. I am of the view that in the circumstances, described above, the Company could have refrained from making or committing the aforesaid default. In view of the above discussion and taking into consideration all the relevant facts, the default attracts the provisions of Sub-section (3) of Section 245 of the Ordinance. However, on assurance that the Company would comply with its statutory obligations in future within prescribed time, I take a lenient view of the default and, instead of imposing a fine of Rs.100,000 /- on every director including the Chief Executive of the Company, hereby impose a fine of **Rs. 5,000/-** (Rupees five thousand) only on the Chief Executive of the Company under Sub-section (3) of Section 245 of the Ordinance read with Section 476 of the Ordinance.

5. The Chief Executive of the Company is directed to deposit the fine in the designated bank account of Securities and Exchange Commission of Pakistan, maintained with Habib Bank Limited within 30 days of the date of this Order and furnish a receipted challan to the Securities and Exchange Commission of Pakistan.

RASHID SADIQ

Executive Director (Enforcement & Monitoring)

Announced
May 07, 2002
ISLAMABAD