

Before
Amir Saleem, Joint Director/Head of Listed Companies Wing (Adjudication-I)

In the matter of Show Cause Notice issued to Ali Asghar Textile Mills Limited

Dates of Hearing

May 20, 2020, June 02, 2020, June 05, 2020,
September 03, 2020, September 14, 2020,
November 19, 2020, December 08, 2020,
December 11, 2020

Order-Redacted Version

Order dated December 31, 2020 was passed by Joint Director/Head of Listed Companies Wing (Adjudication-I) in the matter of Ali Asghar Textile Mills Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated February 12, 2020
2. Name of Company	Ali Asghar Textile Mills Limited (the Company)
3. Name of Individual*	The proceedings were initiated against directors of the Company.
4. Nature of Offence	Violations of under Section 219 read with read with Section 476 of the Companies Ordinance, 1984.
5. Action Taken	<p>Key findings were reported in the following manner:</p> <p>I have gone through the facts of case, relevant provisions of the law and the record placed before me. It is noted that there are related party transactions appearing in the financial statements of the Company which includes transaction with</p> <ul style="list-style-type: none">• Ms. ***, on account of rent and other expenses for the year for year June 30, 2013, June 30, 2014, June 30, 2015, and June 30, 2016 having nature “significant influence over the company”;• Associated person, on account of rent and other expenses for the year for year June 30, 2017 and June 30, 2018;• Loan received from directors for the year June 30, 2017, June 30, 2018 and June 30, 2019;• Short term loan from Mrs. *** for the year June 30, 2019; and• Short term loan – net (repaid) to/received from Premium export.

	<p>These transactions with related parties attract provisions of Section 219 of the Ordinance and the company was required to keep register of interest of directors, etc. accordingly.</p> <p>From the above discussion and after careful consideration of all the facts of this case, I am of the view that the provisions of Sub-Section (1) of Section 219 of the Ordinance have been contravened and the Respondents are liable under Sub-section (6) of the Section 219 of the Ordinance. Taking cognizance of the submissions of the Respondents and in exercise of the powers conferred under aforesaid provisions of the Ordinance.</p> <p>Penalty order dated December 31, 2020 was passed by joint Director/ Head of Listed Companies Wing (Adjudication-I).</p>
6. Penalty Imposed	A Penalty of Rs.5,000/- was imposed on Chief Executive Officer and remaining respondents was warn to be careful and ensure compliance of law in future.
7. Current Status of Order	No Appeal has been filed by the respondents.