



Corporate Supervision Department  
Company Law Division

Before Amina Aziz – Director (CSD)

*In the matter of*

**Ali Asghar Textile Mills Limited**

Number & Date of SCN: No. CSD/ARN/15/2015-2328-34, dated January 12, 2016  
Hearing held on: February 12, 2016  
Present: Mr. Nadeem Ellahi

**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 chief executive (together referred to as “respondents”) of **Ali Asghar Textile Mills Limited** (the “Company”):

- |   |                               |   |                        |
|---|-------------------------------|---|------------------------|
| 1 | Mr. Nadeem Ellahi Shaikh, CEO | 5 | Mr. Raja Ghazanfar Ali |
| 2 | Mr. Abdullah Moosa            | 6 | Mr. Sultan Mehmood     |
| 3 | Ms. Marium Humayun            | 7 | Mr. Muhammad Azad Khan |
| 4 | Mr. Muhammad Suleman          |   |                        |

These proceedings were initiated through show cause notice (the “SCN”) dated January 12, 2016 under the provisions of sub-section (3) 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 following periods with the Commission, in a timely manner as per requirements of section 245 of the Ordinance:

Quarter Ended	Due On	Filed On	Delay
30-Sep-12	31-Oct-12	Not Filed	Not Filed till date
30-Sep-13	31-Oct-13	Not Filed	Not Filed till date
31-Mar-13	30-Apr-13	13-May-13	13 Days
31-Mar-15	30-Apr-15	11-May-15	11 Days

3. 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)



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of section 245 of the Ordinance for delay in filing the aforesaid Quarterly Accounts. In response to the SCN, the Company through letter dated January 16, 2016 submitted as under:

*"Quarterly Accounts for quarters 30-Sep-2012 and 30-Sep-2013 were submitted within time as per practice. Three copies of each of them are enclosed herewith. Quarterly Reports for 31-Mar-2013 and 31-Mar-2015 were submitted with a delay which was caused due to technical fault with the publishers."*

Subsequently, the case was fixed for hearing on February 12, 2016, through hearing notice dated January 29, 2016 and Mr. Nadeem Ellahi, the chief executive of the Company appeared on behalf of the respondents. He stated that the spinning unit of the Company has been closed since December 2011 and the assets including machinery have been sold off to pay off the debts of the Company. The Company has only left with skeleton staff comprising two persons to take care of regulatory compliances. The delays in filing of Quarterly Accounts were caused due to severe financial crisis and lack of staff. It was further submitted by the respondents that despite those difficulties, the Company has been holding its AGM in time and there haven't been any delay in filing of half yearly accounts. The delay and non-filing of Quarterly Accounts with the Commission was only due to oversight, otherwise the same were distributed to members and submitted to the stock exchanges in a timely manner. Based on the submissions, the respondents requested for a lenient view in the matter. Subsequently, through letter dated February 12, 2016 received on February 18, 2016, the respondents submitted receipted copies of letters whereof the Quarterly Accounts were dispatched to the stock exchanges. Review of the letters reveals that the aforesaid Quarterly Accounts have been submitted to the stock exchange, although with some delays.

4. Before proceeding further, it is important to mention that in terms of Sub-section (1) of section 245 of the Ordinance all listed companies are, inter alia, required to file their quarterly accounts with the Commission within stipulated time.

Sub-section (3) of section 245 of the Ordinance provides as under:

*"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."*



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In terms of the Commission's notification SRO 1003 (I)/2015 dated October 15, 2015, the powers to adjudicate cases under section 245 (3) have been delegated to the Director (Corporate Supervision Department).

5. As per record maintained at the respective Company Registration Office ("CRO") it has been confirmed that the Quarterly Accounts for September 30, 2012 and September 30, 2013 were not e-filed. However, after issuance of the SCN, the Company along with its reply has submitted these Quarterly Accounts to the Commission. The other two Quarterly Accounts for March 31, 2013 and March 31, 2015 were filed with the Commission with delays of 13 and 11 days respectively. In connection with this it is important to note that the applicable legal framework, i.e. section 245 of the Ordinance requires separate filing of Quarterly Accounts with the Commission and the Registrar of Companies. In respect of filing of Quarterly Accounts with the Registrar, e-filing mode has been adopted; however, it does not currently cater for filing of accounts with the Commission. As such, companies are still required to file their quarterly and annual accounts in physical form at the Commission's head office. This fact has been amply clarified by the Commission through a press release dated January 2, 2014.

6. I have analyzed the facts of the case, relevant provisions of the Ordinance, and submissions made by the respondents. The aforesaid provisions of the law are clear and explicit. A listed company is required to file its quarterly accounts within the stipulated time, which is one month from the close of first and third quarters and two months from the close of second quarter. 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. It is directors' responsibility to oversee the functioning of the company, to keep it appropriately staffed and organized to ensure due compliance of law. In this context, the directors of a Company cannot absolve themselves of their statutory duties regarding preparing and filing of quarterly accounts with the Commission.





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7. It is clear from the record that the Company failed to file the aforesaid Quarterly Accounts for September 30, 2012 and September 30, 2013 with the Commission while Quarterly Accounts for March 31, 2013 and March 31, 2015 were filed with a delay. Therefore, the provisions of sub-section (3) of section 245 have been contravened by the respondents. However, keeping in view the submissions made by the respondents that the Quarterly Accounts were submitted to stock exchanges and were dispatched to the shareholders, instead of imposing fines, I hereby take a lenient view and conclude the proceedings with a warning to the respondents to be careful in future and ensure filing of the Quarterly Accounts with the Commission along with filing fee in a timely manner.

**Amna Aziz**  
Director (CSD)

**Announced:**  
February 24, 2016  
Islamabad