



Securities and Exchange Commission of Pakistan
Enforcement Department

[Islamabad]

Before Rashid Sadiq, Executive Director

Order

In the matter of

M/S. Latif Jute Mills Limited

(Under Sub-section (3) of Section 245 of the Companies Ordinance, 1984.)

Number and date of notice	EMD/233/D-II Enf /326/2003 dated February 23, 2004
Date of hearing	April 27, 2004
Present	Mr. Tariq Bawany Chief Executive
Date of Order	April 28, 2004

This is a case of violation of the provisions of Section 245 of the Companies Ordinance, 1984 (the “Ordinance”) by M/s Latif Jute Mills Limited (the “Company”).

2. The facts leading to this case, briefly stated, are that in terms of the provisions of Section 245 of the Ordinance, the Company was required to prepare and transmit to the members and simultaneously file with the Registrar and the Commission its quarterly accounts for the 1st quarter ended on September 30, 2003 by October 31, 2003, whereas the said accounts were filed with the Registrar and the Commission with a delay of 46 days. The failure of the Company to comply with the aforesaid requirement necessitated action against the responsible directors in terms of Sub-section (3) of Section 245 of the Ordinance.



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3. Consequently, a notice dated February 23, 2004 was served on all the directors including the Chief Executive of the Company calling upon them to show cause as to why penalties as provided under Sub-section (3) of Section 245 read with Section 476 of the Ordinance may not be imposed on them. Mr. Tariq Bawany, the Chief Executive of the Company replied the aforesaid notice on behalf of all the directors. In his reply dated March 06, 2004, he stated that due to the continuous loss suffered by the Company and delay in payment of salaries and wages, the management of the Company was compelled to close down the mill and sell all the machinery. Due to closure of the mill, there was no production during the period ended September 30, 2003. However, the Company has repaid the bank loans and other outstanding dues including the salaries and wages to staff and mill workers and relieved them. It was because of these reasons that the Company could not prepare and circulate the aforesaid quarterly accounts within the stipulated time. He assured that the directors do realize their responsibilities and obligations under the provisions of the Companies Ordinance, 1984 and they would ensure compliance with the statutory requirements in future. He also requested for condonation of the default.

4. In order to give an opportunity of personal hearing, the case was fixed on April 08, 2004, which was adjourned to April 27, 2004 at the request of the Company. On the date of hearing, Mr. Tariq Bawany, Chief Executive of the Company appeared before me to plead the case on behalf of all the respondents. During the course of hearing, Mr. Tariq Bawany, while admitting the default reiterated that delay in preparation and submission of quarterly accounts was not deliberate but it was due to adverse circumstances faced by the Company. Mr. Tariq also gave assurance for future compliance and requested for a lenient view



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5. It was the responsibility of the directors to make serious efforts for the compliance of the statutory requirements. The circumstances narrated by the Chief Executive appears to be convincing but the Company has made a default of the statutory requirement, which attracts the provisions of Sub-section (3) of Section 245 of the Ordinance. I have, however, noticed that the previous record of the Company with regard to holding of AGMs and filing of annual / interim accounts is satisfactory, therefore, I do not intend to impose maximum fine for the aforesaid default. As the Chief Executive has provided assurance to comply with the mandatory requirements of law in future, therefore, I am inclined to take a lenient view of default in submission of quarterly accounts.

6. For the aforesaid reasons, I instead of imposing the maximum fine of Rs. 100,000 on every director and a further fine of Rs. 1,000 per day for the continuous default, impose a token fine of Rs. 5,000 (Rupees five thousand only) on the Chief Executive of the Company only. The other directors are, however, reprimanded to be careful in future.

7. The Chief Executive of M/s. Latif Jute Mills Limited is hereby directed to deposit the fine of Rs. 5,000 in the designated bank account maintained in the name of Securities and Exchange Commission of Pakistan with Habib Bank Limited within thirty days from the receipt of this order and furnish receipted challan to the Commission.

Rashid Sadiq

Executive Director (Enforcement)

Announced:
April 28, 2004
ISLAMABAD