



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Company Law Division
(Enforcement Department)

Before Abdul Rehman Qureshi, Commissioner (CLD)

In the matter of
M/s. Sunshine Cotton Mills Limited

Date of hearing November 07, 2003

Present No one appeared

ORDER

This Order shall dispose of the proceedings initiated against the directors of M/s. Sunshine Cotton Mills Limited (hereinafter referred to as the “Company”) for default made in complying with the provisions of Sub-section (1) of Section 245 of the Companies Ordinance, 1984 (the “Ordinance”).

2. The Company was required to prepare and transmit to the members and simultaneously file with the Commission quarterly accounts for the quarters ended December 31, 2002, March 31, 2003 and June 30, 2003 by January 31, 2003, May 31, 2003 and July 31, 2003 respectively. As the Company failed to file these accounts a notice dated September 16, 2003 was issued to the Chief Executive and all directors calling upon them to show cause as

to why penalty as provided under Sub-section (3) of Section 245 read with Section 476 of the Ordinance may not be imposed for the aforesaid contravention.

3. In response to the show cause notice a written reply dated September 26, 2003 was received from Mr. Hassan Aftab, one of the directors on behalf of all the directors. In his reply, Mr. Aftab took the plea that the Company has discontinued its operations in order to avoid further losses, substantial disposal of plant and machinery, and resignation of the employees dealing with accounts matters. Therefore, the Company could not submit the quarterly accounts for the 1st, 2nd and 3rd quarters ended on December 31, 2002, March 31, 2003 and June 30,2003 respectively. He requested that time should be given to the Company for hiring the services of professionals. He also requested that in view of the financial crises being faced by the Company, the defaults may be condoned. However, in response to hearing notice no one appeared on the date of hearing to argue the case.

4. I have given due consideration to the written submissions of the respondents and has observed that the reasons advanced by them are not tenable as the preparation and circulation of quarterly accounts is a statutory obligation of the directors irrespective of whether the company is in operation or otherwise. In fact it becomes more important to provide financial information about the affairs of the Company to the shareholders in case the Company has discontinued its operations. I, therefore, find no merit with regard to the reasons furnished by the directors of the Company for non-submission of quarterly accounts and, therefore, infer that the defaults have been committed willfully and deliberately which are continuing till to-date for which all the directors including Chief Executive have made themselves liable for penalty under the provisions of Sub-section (3) of Section 245 of the Ordinance.

5. Although the defaults are considered intentional and willful, yet, taking a lenient view of the fact that the company is lying closed, I impose a fine of Rs.2,000/-only for non –

submission of accounts for each quarter on each of the directors including the Chief Executive of the Company as under: -

<i>Name</i>	<i>Section 245</i>			
	<i>31.12.2002</i>	<i>31.3.2003</i>	<i>30.6.2003</i>	<i>Total Rs.</i>
Mian Aftab A. Sheikh, Chief Executive	2,000	2,000	2,000	6,000/-
Mrs. Nasreen Aftab, Director	2,000	2,000	2,000	6,000/-
Miss Aliya Aftab, Director	2,000	2,000	2,000	6,000/-
Mr. Muhammad Irshad Khan, Director	2,000	2,000	2,000	6,000/-
Mr. Muhammad Ishaq, Director	2,000	2,000	2,000	6,000/-
Mr. Muhammad Saleem Zia, Director	2,000	2,000	2,000	6,000/-
Mr. Hassan Aftab, Director	2,000	2,000	2,000	6,000/-
Total:	14,000	14,000	14,000	42,000

6. The Chief Executive and Directors of the company are hereby directed to deposit the fine amounting to Rs. 42, 000/- (Rupees forty two thousands only) 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 to furnish receipted challan to the Commission.

(Abdul Rehman Qureshi)
Commissioner (CLD)

December 03, 2003
ISLAMABAD