



Corporate Supervision Department
Company Law Division

Before Ms. Amina Aziz – Director (CSD)

In the matter of

Fazal Textile Mills Limited

Number and date of SCN: EMD/233/120/2002-1126, dated January 15, 2015

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 directors including chief executive (together referred to as "respondents") of **Fazal Textile Mills Limited** (the "Company"). These proceedings were initiated through show cause notice (the "SCN") dated January 15, 2015, issued 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, as per requirements of section 245 of the Ordinance:

Sr. No.	Quarter Ended	Due Date
1	30-Sep-13	31-Oct-13
2	31-Dec-13	28-Feb-14
3	31-Mar-14	30-Apr-14
4	30-Sep-14	31-Oct-14

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) of section 245 of the Ordinance for not filing the aforesaid Quarterly Accounts in terms of the law.

3. In response to the SCN the respondents vide letter dated January 21, 2015, inter alia, submitted that the Quarterly Accounts for the period ended September 30, 2013 was delivered to the Commission's Company Registration Office ("CRO"), Karachi vide Company's letter dated October 31, 2013. Quarterly Accounts for the period ended October 31, 2013, March 31, 2013 and September 30, 2013 had been delivered to the Commission vide Company's letter dated January



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20, 2015. The respondents stated that all the aforesaid Quarterly Accounts were e-filed with the CRO Karachi in a timely manner. They further submitted that the Quarterly Accounts which were e-filed with the CRO could not be filed with the Commission due to unintentional oversight and otherwise the Company had been regular in its filings. Based on the submissions, a lenient view was requested.

4. Subsequently, upon confirmation from the CRO Karachi, it transpired that the Company e-filed the aforesaid Quarterly Accounts with the Registrar in a timely manner. Moreover, as per latest available information, the Company has been merged into Gadoon Textile Mills Limited vide JM petition 41/2014.

5. 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. It is clear from the record that the Company did not file the aforesaid Quarterly Accounts in physical form with the Commission, however, those were e-filed with the Registrar within the prescribed time. Therefore, considering the fact that the Company does not exist anymore after the merger and taking into account otherwise satisfactory compliance history of filing of accounts with the Commission, instead of imposing fine, I hereby conclude the proceedings with a warning to the respondents to be careful in future and ensure meticulous compliance with applicable provisions of law in future.


Amina Aziz
Director (CSD)

Announced:
September 2, 2015
Islamabad