



Securities and Exchange Commission of Pakistan

Enforcement Department

Before Javed K. Siddiqui, Executive Director (Company Law)

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/ Enf-II /326/2005 dated January 27, 2005
Date of hearing	March 16,2005
Present	Mr. M. Tariq Bawany Chief Executive

ORDER

This Order shall dispose off the proceedings initiated against the directors of M/s. Latif Jute 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 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, the stock exchanges and simultaneously file with the Registrar and the Commission its quarterly accounts for the 1st quarter ended on September 30, 2004 by October 31, 2004, whereas the Company failed to file the said accounts with the Registrar and the Commission. The failure of the Company to comply with the aforesaid requirement necessitated action against the directors in terms of Sub-section (3) of Section 245 of the Ordinance.

3. Consequently, a notice dated January 27, 2005 was served on all the directors including the Chief Executive of the Company calling upon them to show cause as to why



Securities and Exchange Commission of Pakistan

Enforcement Department

penalties as provided under Sub-section (3) of Section 245 read with Section 476 of the Ordinance may not be imposed on them. In response to the aforesaid show cause notice, a written reply dated February 07, 2005, signed by one of the directors, was received on behalf of all the directors, wherein it was contended that the aforesaid quarterly accounts were filed with the Commission and the Company Registration Offices. He also filed proof to this effect along with a copy of the requisite accounts which was examined and observed that these accounts were filed with the Company Registration Office, Quetta on January 19, 2005 i.e. with a delay of 2 months and 19 days, and with the Commission on December 29, 2004 i.e. late by two months.

4. In order to give an opportunity of personal hearing, the case was fixed for hearing on March 12, 2005 which was adjourned to March 16, 2005 on the request of the Company. On the date of hearing, Mr. Tariq Bawany, Chief Executive of the Company appeared before me to argue the case on behalf of all the directors. During the course of hearing, Mr. Bawany, while admitting the default reiterated that delay in preparation and submission of quarterly accounts was not deliberate but was due to the continuous losses suffered by the Company during the last two years. He contended that due to financial crises two persons from the accounts department resigned, therefore, there was no staff to prepare the accounts. He assured to be careful and compliant in future and prayed for a lenient view in the matter and requested to condone the delay.

5. I have given due consideration to the arguments advanced for late filing of quarterly accounts, however, the circumstances and facts narrated before me do not appear to be convincing. Preparation and submission of quarterly accounts is a statutory requirement not related to the financial difficulties faced by the Company. Moreover, non-availability of accountant for preparation of accounts is not a cogent reason for a listed company. The track record of the Company shows that it had also defaulted in the past in filing of quarterly accounts for which the chief executive was also penalized. The directors have failed to make serious efforts for compliance of the statutory requirements. This led me to



Securities and Exchange Commission of Pakistan

Enforcement Department

believe that the directors have scant respect for the law and they have deprived the shareholders of their statutory right to receive the quarterly accounts of the Company within the prescribed time limit. For the foregoing reasons, the default under Sub-section (1) of Section 245 of the Ordinance stands established.

6. However, in view of the assurance given by the Chief executive of the Company for timely compliance in future and due to the fact the Company has filed the quarterly accounts for the 2nd quarter ended December 31, 2004 within the prescribed time limit, I am inclined to take a lenient view in the matter and 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, I impose a fine of Rs.10,000/- (Rupees ten thousand only) on the Chief Executive and Rs. 5,000/- (Rupees five thousand only) on each of the following directors of the Company under Sub-section (3) of Section 245 of the Ordinance:

S. No.	Name	Penalty (Rupees)
1.	Mr. M. Tariq Bawany, Chief Executive	10,000
2.	Mr. Yahya Ahmad Bawany, Director	5,000
3.	Mr. A. Karim M. Yahya, Director	5,000
4.	Mr. Arif Yousuf Jaliawala, Director	5,000
5.	Mr. Arif S. Gazi, Director	5,000
6.	Mr. Amin Abdullah Motan, Director	5,000
7.	Mr. Muhammad Arif Dalia, Director	5,000
	Total	40,000

7. The Chief Executive and directors of M/s. Latif Jute Mills Limited are hereby directed to deposit the aforesaid fines in the designated bank account maintained in the name of Securities and Exchange Commission of Pakistan with Habib Bank Limited or pay through a demand draft in the name of Securities and Exchange Commission of Pakistan within thirty days from the receipt of this order and furnish receipted challans to the Commission failing which proceedings for recovery of the fines as an arrears of land revenue will be initiated. It may also be noted that the said penalties are imposed on the Chief Executive



Securities and Exchange Commission of Pakistan

Enforcement Department

and the directors in their personal capacity, therefore, they are required to pay the said amounts from their personal resources.

Javed K. Siddiqui

Executive Director (Company Law)

Announced:

March 24, 2005

ISLAMABAD