



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
Enforcement Department

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

In the matter of

M/s. Accord Textile Mills Limited

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

No. and date of show cause notice	EMD/Enf-II/71/2004 Dated April 01, 2005
Date of hearing	May 16, 2005
Present	Mr. Naseem Qadir, The Authorized Representative
Date of Order	May 26, 2005

Order

This Order shall dispose off the proceedings initiated against the Chief Executive and Directors of M/s. Accord Textile 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 Sub-section (1) of Section 245 of the Ordinance, the Company was required to prepare and transmit to the members its quarterly accounts for the 1st quarter ended December 31, 2004 latest by January 31, 2005 and file simultaneously the same with the respective Stock Exchange, the Registrar and with the Commission. As the Company failed to file the aforesaid accounts with the Commission within the prescribed time a show cause notice dated April 01, 2005 was served on the Chief Executive and other Directors of the Company calling upon them to explain as to why penalties as provided under Sub-section (3) of Section 245 read with Section 476 of the Ordinance may not be imposed upon them for the aforesaid contravention.

3. In response to the show cause notice, the Chief Executive of the Company requested vide his letter dated April 09, 2005 for an opportunity of hearing. The matter was, therefore, fixed for



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April 28, 2005. No one appeared on the given date and time. To afford another opportunity, the hearing was again fixed for May 09, 2005, which was adjourned on the request of the Company till May 12, 2005 and finally to May 16, 2005. On the date of hearing, Mr. Naseem Qadir, Chief Executive, M/s. Softlink (Pvt.) Ltd., Corporate & Financial Consultants, appeared before me to argue the case on behalf of the Chief Executive and Directors of the Company. Mr. Qadir while admitting the default contended that three officers of the Company working in the accounts department left the Company in December 2004. The finalization of the annual accounts was, therefore, delayed which also resulted delay in the holding of AGM for the year ended September 30, 2004. Due to the non-availability of annual accounts the quarterly accounts for the 1st quarter ended December 31, 2004 could not be prepared because the opening balances in the quarterly accounts were required to be taken from the said annual accounts. He further added that the Company applied for an extension of time for two months in the holding of AGM but the Commission granted an extension of one month only. The Company again applied for further extension of one month but their request was turned down. Due to shortage of time they could not manage timely finalization and audit of annual accounts resulting delay in the preparation and circulation of quarterly accounts. He also filed the requisite quarterly accounts and requested for a lenient view in the matter and assured timely compliance of the statutory provisions of law in future.

4. I have given careful consideration to the arguments advanced by the representative of the Directors for failure to file quarterly accounts within the mandatory time period. However, none of them justify the default in the preparation and transmission of quarterly accounts. The resignation of staff working with the accounts department and the delay in finalization of the annual accounts are not justifiable excuse for delaying the circulation and filing of quarterly accounts, which is a separate mandatory requirement under Section 245 of the Ordinance. I am, therefore, constrained to believe that the Directors of the Company have willfully and deliberately committed the default by non-submission of quarterly accounts within the prescribed time, which were received in the Commission on May 11, 2005 with a delay of 3 months and 11 days.

5. Considering the circumstances of the case and the submissions of the representative of the Directors, I am of the view that the arguments advanced do not carry any merit. A perusal of the record reveals that in the past also, the management of the Company had committed defaults for which penalty was imposed on the Chief Executive of the Company. The repetition of default



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shows that the management of the Company does not take the provisions of law seriously. Accordingly, the default is established which attracts the panel provisions of Sub-section (3) of Section 245 of the Ordinance.

6. In view of the above, the default under Sub section (3) of Section 245 is considered willful and deliberate. However, keeping in view the assurance given by the representative of the Directors for timely compliance in future, instead of imposing the maximum fine of Rs. 100,000/- on each Director and a further fine of Rs. 1,000/- per day for the continuous default, I, impose following penalties on the Chief Executive and Directors of the Company under Sub-section (3) of Section 245 read with Section 476 of the Ordinance: -

S. No.	Name	Penalty (Rupees)
1.	Mr. Haider Ali, Chief Executive	20,000
2.	Mr. Hammad Raza Khan, Director	5,000
3.	Mr. Raheem Azeem, Director	5,000
4.	Mrs. Azra Ahmed, Director	5,000
5.	Mrs. Tahira Javed, Director	5,000
6.	Mr. Ebrahim Fayez Humaid, Director	5,000
7.	Mrs. Farnaz Haider, Director	5,000
	Total	50,000

7. The Chief Executive and Directors of M/s. Accord Textile Mills Limited are hereby directed to deposit the aforesaid fines aggregating to Rs.50,000/- (Rupees fifty thousand only) in the designated bank account maintained in the name of the Securities and Exchange Commission of Pakistan with Habib Bank Limited within thirty days from the receipt of this Order and furnish receipted vouchers or pay by a DD/pay order issued in the name of the Commission for information and record, failing which proceedings under the Land Revenue Act,1967 will be initiated which may result in the attachment and sale of movable and immovable property.

Javed K. Siddiqui
Executive Director (CL)