



Securities and Exchange Commission of Pakistan

Adjudication Division
Adjudication Department-I

Before Ali Azeem Ikram, Executive Director/HOD (Adjudication-I)

In the matter of Mian Textile Industries Limited

Dates of Hearing

July 17, 2020, September 18, 2020

Order-Redacted Version

Order dated November 4, 2020 was passed by Executive Director/Head of Department (Adjudication-I) in the matter of Mian Textile Industries Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated November 14, 2019
2. Name of Company	Mian Textile Industries Limited
3. Name of Individual*	The proceedings were initiated against the directors of the Company i.e. Mian Textile Industries Limited
4. Nature of Offence	Violations of section 196 and section 476 of the Companies Ordinance, 1984 read with SRO 1227(I)/2005 dated December 12, 2005.
5. Action Taken	Key findings were reported in the following manner: I have examined the facts of the case, that the Company was unable to sell/dispose of Property, Plant and Equipment (PPE) within one-year period from the date of the approval of shareholders and thereby found non-compliant with the provision of SRO, and failed to seek shareholders' approval in term of Section 196(3) of the Ordinance subsequent to lapse of one-year period on October 30, 2014. Moreover, subsequent to aforesaid disposals, the matters were never placed before the members for their ratification or subsequent approval for disposal of PPE at the given terms and conditions of sale as approved by the members. In terms of section 196 of the Ordinance, it is clear that the board of directors of a public company or of a subsidiary of a public company is restricted to sell, lease or otherwise dispose of the undertakings or a sizeable part unless prior authorization/consent by shareholders in general meeting is obtained. Requirements of SRO are also clear w.r.t validity of any decision to sell assets under authority of a special



Securities and Exchange Commission of Pakistan

Adjudication Division Adjudication Department-I

	<p>resolution already passed if not implemented within one year, the resolution would stand lapsed. Hence, approval of members in terms of section 196(3) of the Ordinance is time bound and disposal after the lapse of period does not satisfy the purpose of Section 196 of the Ordinance and of the SRO.</p> <p>2. In the aforementioned matter, that the provisions of clause (a) to sub-section (3) of section 196 of the Ordinance read with SRO have been contravened and the Respondents are liable under the sub-section (4) of section 196 of the Ordinance. Taking cognizance of the submissions of the Respondents and in exercise of the powers conferred under aforesaid provisions of the Ordinance, I, hereby impose penalty of Rs. 70,000/- (Rupees seventy thousand) on the Chief Executive of the Company.</p> <p>Nothing in this Order may be deemed to prejudice the operation of any provision of the Act providing for imposition of penalties in respect of any default, omission or violation of the Act.</p>
6. Penalty Imposed	Penalty of Rs. 70,000/- was imposed on Chief Executive Officer of the company and remaining respondents were warned to ensure compliance of law in future.
7. Current Status of Order	Penalty was deposited. No Appeal has been filed by the respondents.

Redacted version issued on June 08, 2021 for placement of website of the Commission.