



Corporate Supervision Department  
Company Law Division

Before Amina Aziz – Director (CSD)

*In the matter of*

**Royal Leather Industries Limited**

Number and date of notice: EMD/242/L/136/11-293-298 dated October 24, 2014

**ORDER**

**UNDER SECTION 241 READ WITH SECTION 476 OF THE COMPANIES ORDINANCE, 1984**

This order shall dispose of the proceedings initiated against the following directors including chief executive (the “respondents”) of **Royal Leather Industries Limited** (the “Company”):

1. Mr. Abdul Latif Malik, CEO	4. Mr. Imdad Huaain
2. Mr. Muhammad Azam Malik	5. Mst. Hafeez Begum
3. Mr. Agha Saiddain	6. Mst. Farzana Malik

The proceedings against the respondents were initiated through show cause notice (the “SCN”) dated October 24, 2014 issued under section 241 read with section 476 of the Companies Ordinance 1984 (the “Ordinance”).

2. The brief facts of the case are that examination of annual audited financial statements of the Company for the years ended June 30, 2011 (the “Accounts”) filed under section 242 of the Ordinance revealed that the balance sheet and profit & loss accounts attached with the Accounts were not signed by a director and the Chief Executive of the Company in terms of section 241 of the Ordinance, which prescribes the mode of authentication of the Accounts. Consequently, the SCN was issued to the respondents whereof they were advised to submit reply to the SCN within fourteen days.

3. The respondent did not submit any response to the SCN. Subsequently, hearing was fixed on February 4, 2016. In response Mr. Ali Dost Soomro, advocate appeared on behalf of the Chief Executive of the Company and submitted that the respondents believe in cooperating with the regulators and providing all the information and documents, however, due to demise of ex-chief accountant of the Company and resultant communication gap, the response to the SCN could not



# SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

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be submitted. Mr. Soomro further stated that as per Company's record, the duly signed and authenticated Accounts 2011 were available in the record and that apparently unsigned Accounts were mistakenly filed by the dispatcher. He also provided a signed copy of the Accounts 2011 along with the reply and requested to waive off the proceedings.

4. Relevant provisions of section 241 of the Ordinance are produced below:

**Sub-section (1):** *Save as provided by sub-section (2), the balance-sheet and profit and loss account or income and expenditure account shall be approved by the directors and shall be signed by the chief executive and at least one director.*

**Sub-section (3):** *If a company makes default in complying with the requirement of this section, the company and every officer of the company who is knowingly and wilfully in default shall be liable to a fine not exceeding five thousand rupees.*

5. Having gone through the facts of the case and relevant provisions of the Ordinance, it transpires that the provisions of sub-section (1) of section 241 have been contravened because the balance sheet and profit and loss accounts of the Company attached with the Accounts 2011 filed with the Registrar were not signed by the chief executive and a director. It is important to note that the law provides a clear mode of authenticating the Accounts by those charged with the responsibility of managing and overseeing the affairs of a Company. Therefore, it is of utmost importance that the Accounts are appropriately authenticated. However, I take into account the submissions by the respondents, submission of duly signed Accounts to the Commission during the proceedings and the fact that the Company is a closely held unlisted public company, and instead of imposing fines, I hereby conclude the proceedings with a warning to the respondents to be careful in future regarding compliance with applicable legal provisions.

The respondents are further directed in terms of section 473 of the Ordinance to file duly authenticated Accounts with the respective Company Registration Office.

**Amina Aziz**  
Director (CSD)

**Announced:**  
February 12, 2016  
Islamabad