



Corporate Supervision Department
Company Law Division

Before Ms. Amina Aziz – Director (CSD)

In the matter of

Service Fabrics Limited

Number and date of SCN: CSD/ARN/199/2016-2620 dated January 18, 2016
Date of Hearing: February 2, 2016
Present for Respondent: Mr. Zafar Iqbal, Authorized Representative

ORDER

UNDER SECTION 495 READ WITH SECTION 476 OF THE COMPANIES ORDINANCE, 1984

This order shall dispose of the proceedings initiated against Chief Executive (the “respondent”) of Service Fabrics Limited (the “Company”). The proceedings against the respondent were initiated through show cause notice (the “SCN”) dated January 18, 2016, issued under the provisions of section 495 read with section 476 of the Companies Ordinance, 1984 (the “Ordinance”).

2. The brief facts of the case are that the Commission through the SRO 634 (I)/2014 dated July 10, 2014 (the “SRO-I”) directed every public listed and public unlisted company to maintain a functional website with effect from August 30, 2014 and place stipulated mandatory information thereon. Furthermore, the Commission through SRO 684 (I)/2015 dated July 15, 2016 (the “SRO-II”), also directed all public companies to place website link of SECP investor education portal “JamaPunji” (www.jampunji.pk) along with its logo, available on SECP’s website (www.secp.gov.pk) at a prominent place on the homepage of their website.

3. It was noticed that the Company had, prima facie, contravened the directions of the Commission given in the SRO-I & II by not maintaining a functional website. Consequently, a show cause notice (“SCN”) was issued to the respondent whereof they were called upon to show cause in writing as to why penal action may not be taken against them under sub-section (1) of section 495 of the Ordinance for not complying with the Commission’s direction given vide the SRO-I & II along with fixing hearing for February 2, 2016.

4. On the date of hearing, Mr. Zafar Iqbal (the “Authorized Representative”) appeared before me along with Power of Attorney from the respondent and his letter dated February 2, 2016 in reply to SCN. He stated that the Company is not in operation since long and in annual general



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meeting held on October 31, 2015 had elected new directors who will hold office of the directorship till October 2018. Moreover, the Company is in negotiation with Getti Agro (Pvt) Limited to acquire its land, operating plant and machinery to revive the Company. New management is committed to comply with all statutory and legal requirements including displaying of information on website. The Company has prepared its website as per instruction of SECP to great extent improved as the Company revives. The Authorized Representative pledged to place all the information required under SRO-I & II within 15 days from the date of hearing.

5. Before proceeding further, it is necessary to advert to the following relevant provisions of Ordinance:

In terms of the Commission's SRO 634(I)/2014 dated July 10, 2014 issued in pursuance of powers conferred by section 506 B of the Ordinance, listed companies have been directed to maintain a functional website and provide mandatory information including placement of quarterly and annual accounts and specific information relating to: (A) profile of the company, (B) governance, (C) investors relations, (D) media, (E) election of directors, (F) investors information. The aforesaid notification, inter alia, requires listed companies to place on their website:

- Latest annual accounts at least twenty one days before holding of the annual general meeting ("AGM") and annual accounts and reports adopted by shareholders within seven days after the AGM; and
- Interim accounts i.e. latest available quarterly accounts as well as accounts for the last three quarters.

The SRO further provides that where a company does not comply or makes default in compliance with the requirements of the notification, every officer of the company and every other person responsible for non-compliance shall be punished in accordance with provisions of section 495 of the Ordinance.

Sub-section (1) of section 495 of the Ordinance states that where any directive is given or order is issued by the Court, the officer, the Commission, the registrar or the Federal Government under any provision of this Ordinance, non-compliance thereof within the period specified in such direction or order shall render every officer of the company or other person responsible for non-compliance thereof punishable, in addition to any other liability, with fine not exceeding fifty thousand rupees and, in the case of a continuing non-compliance, to a further fine not exceeding two thousand rupees for every day after the first during which such non-compliance continues.



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In terms of the Commission's notification SRO 1003 (I)/2015 dated October 15, 2015, the powers to adjudicate cases under SRO 634(I)/2014 dated July 10, 2014 read with section 495 of the Ordinance have been delegated to the Director (Corporate Supervision Department).

6. In accordance with SRO-I, the detailed mandatory information is required to be placed on website by a listed company under the following heads: (A) Profile of the Company, (B) Governance, (C) Investors Relations, (D) Media, (E) Election of Directors, (F) Investors Information and scanned copy of the Compliance Certificate. However, the review of website of the Company <http://servicefabrics.com> has revealed that the Company has not complied with the provisions of SRO-I within prescribed time and has not placed the following mandatory information:

- Not created a homepage;
- Not created heading "Profile of Company" and not provide therein vision, mission and details of permissible business activities;
- Not provided profile of Board of Directors, shareholding pattern under heading "Governance";
- No detail of contact person designated for assisting and handling investor grievances, notice of general meetings and site map have been provided under heading "Investor Relations";
- Not created headings "Media" and "Election of Directors" and no such information has been provided;
- Annual accounts as well as interim accounts placed under heading "Investor Information" are not opening on clicking and annual accounts for the year ended June 30, 2013 and quarterly accounts for the last three quarter are missing. Moreover, financial highlights, EPS, P/E ratio, breakup value, free float of shares and rating of Company and instruments have not been provided;
- Compliance Certificate has not been submitted to the Commission as well as scanned copy of the same has been placed on the Company's website.

7. I have gone through the facts of the case, provisions of the Ordinance, requirements of the SRO-I and arguments put forth by the respondent. I am of the view that the respondent has not complied with the Commission's direction given vide the SRO-I as it has failed to provide the requisite mandatory information on Company's website. However, I take cognizance of the fact that after initiation of the subject proceedings, the Company has created/uploaded a functional website and has provided partially the prescribed information thereon. Considering pledge of the Authorized Representative to place all the mandatory information on website of the Company within 15 days from the date of hearing. I therefore, in exercise of the powers conferred by the SRO and section 495 of the Ordinance, instead of imposing penalty, I hereby conclude the proceedings with a warning to the respondent to be careful in future.



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Before parting with the order, I invoke the provision of section 473 of the Ordinance and direct the respondent to place all the mandatory information on the Company's website and fulfill other requirements in terms of the Commission's notifications SRO 634 (I) / 2014 dated July 10, 2014 and SRO 684 (I) / 2015 dated July 15, 2015 and submit a compliance certificate within 15 days from the date of receipt of this order.

It may be noted that continued non-compliance with the Commission's direction may render the respondent liable for action under sub-section (2) of section 495 of the Ordinance.

Amina Aziz
Director (CSD)

Announced:
February 8, 2016
Islamabad