



Securities and Exchange Commission of Pakistan

Adjudication Division Adjudication Department

Before

Amir M. Khan Afridi, Director/HOD (Adjudication-I)

In the matter of Show Cause Notice issued to Idrees Textile Mills Limited

Date of Hearing

April 18, 2022, May 23, 2022

Order-Redacted Version

Order dated June 04, 2022 was passed by Director/Head of Department (Adjudication-I) in the matter of Idrees Textile Mills Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated April 05, 2022
2. Name of Company	Idrees Textile Mills Limited
3. Name of Individual*	The proceedings were initiated against the directors of the Company.
4. Nature of Offence	Under Section 183 of the Companies Act, 2017 read with Section 479 thereof.
5. Action Taken	<p>Key findings were reported in following manner:</p> <p>I have reviewed the facts of the case in light of the relevant provisions of the Act and the information available on record and observed that:</p> <p>(i) the explanation (ii) provided under Section 183 (3)(a) of the Act clearly defines sizeable part as twenty five percent or more of the value of the assets in that class as per the audited financial statements of the preceding financial year;</p> <p>(ii) reference is drawn from para 37 IAS 16- Property plant and Equipment that provides meaning of class of assets as:</p> <p>"A Class of property, plant and equipment is a grouping of assets of a similar nature and use in an entity's operations. The following are examples of separate classes:</p> <p>a) land; b) land and buildings; c) machinery; d) ships; e) aircraft;</p>



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	<p>f) motor vehicle g) furniture and fixtures; and h) office equipment</p> <p>(iii) the Company has acknowledged that vehicles having carrying value of Rs. 29.468 million were disposed-off during the year ended June 30, 2021. The aforesaid sale of vehicles represented 29.18% of the class of assets i.e. vehicles and, therefore, is considered sizeable part of assets in terms of explanation (ii) provided under Section 183 (3) of the Act; and</p> <p>(iv) the Company during the year ended June 30, 2021 did not obtain approval of its members for sale sizeable part of assets contrary to the requirements of sub-section (3) of Section 183 of the Act.</p> <p>Keeping in view the above, I am of the considered view that during the year ended June 30, 2021, the Company has disposed-off sizeable part (more than 25%) of assets in its respective class without obtaining prior approval by way of Special Resolution, thereby contravening sub-section (3) of Section 183 of the Act. The said contravention attracts applicability of the penal provision contained in sub-section (6) of Section 183 of the Act. Therefore, I in terms of the power conferred under Section 183 (6) of the Act, hereby, impose penalty of Rs. 50,000 (Rupees fifty thousand only) on Mr. ****, Chief Executive of the Company. The remaining Respondents are advised to ensure compliance of relevant law in letter and spirit, in future.</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, violation of the Act.</p>
6. Penalty Imposed	A Penalty of Rs. 50,000/- (Rupees fifty thousand only) was imposed on the Chief Executive Officer.
7. Current Status of Order	Review has been filed by the respondents.