



Corporate Supervision Department  
Company Law Division

Before Abid Hussain – Executive Director (CSD)

*In the matter of*

**Service Fabrics Limited**

Number and date of SCN: CSD/ARN/199/2015-509-16, dated August 11, 2016 read with addendum CSD/ARN/199/2015-588 dated August 19, 2016  
Hearing held on: October 6, 2016  
Present: Mr. Ahmed Bashir, Mr. Musa Janjua and Mr. Zafar Iqbal

**ORDER**

**UNDER SECTION 204-A READ WITH SECTIONS 498 AND 476 OF THE COMPANIES  
ORDINANCE, 1984**

This order shall dispose of the proceedings initiated against the following directors including the chief executive officer (together referred to as “respondents”) of **Service Fabrics Limited** (the “Company”):

- |   |                                     |    |                                    |
|---|-------------------------------------|----|------------------------------------|
| 1 | Mr. Aurangzeb Noor, Chief Executive | 6  | Mrs. Sara Anjum, Director          |
| 2 | Mrs. Mudassara Aurangzeb, Director  | 7  | Mr. Ali Anwar, Director            |
| 3 | Mrs. Azmat Akbar, Director          | 8  | Mr. Omer Salah Ahmed, Ex-Director  |
| 4 | Mr. Muhammad Waqas, Director        | 9  | Mrs. Ali Azmat, Ex-Director        |
| 5 | Mr. Irfan Noor, Director            | 10 | Mr. Zafar Iqbal, Company Secretary |

The proceedings against the respondents were initiated through show cause notice dated August 11, 2016 under the provisions of section 204-A read with sections 498 and 476 of the Companies Ordinance, 1984 (the “Ordinance”) and subsequent addendum dated August 19, 2016 (together referred to as the “SCN”).

2. The brief facts of the case are that pursuant to an inspection order dated May 5, 2016 under section 231 of the Ordinance, an inspection of the Company was carried out by the Commission. During the course of inspection, review of Form 29 filed by the Company with the Commission on January 29, 2016 revealed that Mr. Zafar Iqbal was appointed as secretary of the Company on October 30, 2015. Review of an intimation sent by Drekker Kingsway Limited (“DKL”), a listed company, to Pakistan Stock Exchange revealed that Mr. Zafar Iqbal was replaced by Mr. Tariq Masood as secretary of DKL on January 20, 2016. It appeared that Mr. Zafar Iqbal was serving as secretary of the Company as well as that of the DKL, simultaneously during the period from October 30, 2015 to January 20, 2016. The record further revealed that Mr. Zafar Iqbal, as



# SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Corporate Supervision Department  
Company Law Division

Continuation Sheet - 1 -

company secretary of DKL filed its Form 28 on November 23, 2015, Form 3 (return of allotment) on November 5, 2015 and e-filed the quarterly accounts of DKL on February 8, 2016. It appeared that Mr. Zafar Iqbal was not a whole time Secretary of the Company as he simultaneously held office of secretary of two listed companies during the period from October 30, 2015 to January 20, 2016. Consequently, the SCN was issued to the respondents as the Company, prima facie, contravened the provisions of sub-section (1) of section 204-A of the Ordinance by not appointing a whole time secretary, during the aforementioned period, as per requirement of the law.

3. In response to the SCN, Ahmed Bashir & Associates through letter dated September 9, 2016 requested for extension in time for submission of reply till September 30, 2016. The requested extension was allowed and the case was fixed for hearing on October 6, 2016. Subsequently, the respondents submitted written reply dated September 30, 2016. A brief of the reply relevant to the contents of the SCN is produced below:

- a) Mr. Zafar Iqbal resigned from the DKL on October 30, 2016 and joined the Company on October 31, 2016. (Copies of resignation letter, joining letter and salary slips provided). Mr. Zafar Iqbal was not working as company secretary of both the companies at the same time.
- b) Quarterly accounts of DKL were not e-filed by Mr. Zafar Iqbal on February 08, 2016. Any filings or procedural inadequacies which may have been inadvertently done by DKL in the name of Mr. Zafar Iqbal after he left the company, is regretted. It appears that the DKL has not intentionally done any act and/or omission in contravention of section 492 of the Companies Ordinance.

4. Hearing in the matter was held on October 6, 2016 and on behalf of the respondents, Mr. Ahmed Bashir, Mr. Musa Janjua and Mr. Zafar Iqbal appeared before the undersigned. They mainly reiterated the earlier written submissions and requested to conclude the proceedings without any adverse order. They were enquired about the fact that the Company filed Form 29 to intimate change of the company secretary with an inordinate delay in January, 2016 against the requirement of filing the same within fourteen days. They stated that the Form 29 was submitted within a month of appointment of Mr. Zafar Iqbal, however, it was accepted late due to some



# SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Corporate Supervision Department  
Company Law Division

*Continuation Sheet - 2 -*

pending issues. They admitted that there was inadvertent lapse in timely completing the formalities and filing of Form 29 and requested for a lenient view in the matter.

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

Sub-section (1) of section 204-A of the Ordinance, inter alia, provides as under:

*"A listed company shall have a whole time secretary and a single member company shall have a secretary possessing such qualification as may be prescribed." (Emphasis added)*

Penalty for violation of the aforesaid provisions have been provided in section 498 of the Ordinance.

In terms of the Commission's notification SRO 1003 (I)/2015 dated October 15, 2015, the powers to adjudicate cases under section 498 of the Ordinance have been delegated to the Director (Corporate Supervision Department). However, since the aforesaid proceedings emanated pursuant to the inspection order under section 231 of the Ordinance passed by Director (CSD-Adjudication), therefore, in terms of the notification, the Executive Director (CSD) is authorized to adjudicate this case.

6. I have analyzed the facts of the case, relevant provisions of the Ordinance, and facts available on record. The aforesaid provisions of the law are clear and explicit. A listed company is required to have a whole time secretary and there has been no exception provided in the law in this regard, which makes it an absolute requirement to be met by listed companies. The record of reveals that Mr. Zafar Iqbal simultaneously held the office of secretary of the Company and the DKL from October 30, 2015 to January 20, 2016. This is substantiated by the intimation sent by DKL to Pakistan Stock Exchange as per which Mr. Zafar Iqbal was replaced by Mr. Tariq Masood as secretary of DKL on January 20, 2016. Moreover, various forms filed by the DKL with the Commission show him to be the company secretary of DKL during the aforesaid period. On the other hand the respondents have provided the copies of record relating to resignation of Mr. Zafar Iqbal from DKL, his joining letter with the Company and the salary slips as employee of the Company, which constitute internal records of the Company. This internal record of the Company are in contradiction with the record independently obtained e.g. DKL's communication to the Pakistan Stock Exchange and various filings of the DKL. Moreover, the respondents also did not



# SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Corporate Supervision Department  
Company Law Division

*Continuation Sheet - 3 -*

file the Form 29 with the Commission in a timely manner and the same was finally filed in the end of January, 2016. This also raises doubts about the plea of the respondents. However, it appears that with the exception of the aforesaid period, Mr. Zafar Iqbal has now been acting as a whole time secretary of the Company in compliance with the requirements of the law. Therefore, keeping in view the subsequent compliance with the requirements of section 204-A of the Ordinance, I hereby conclude the subject proceedings with a warning to the respondents to be careful and ensure meticulous compliance with applicable laws.

**Abid Hussain**  
Executive Director (CSD)

**Announced:**

October 21, 2016

Islamabad