



Securities and Exchange Commission of Pakistan

Company Law Division
(Corporatization & Compliance Department)

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Before

Executive Director (CCD)

In the matter of

M/s. Wanhar Textiles (Pvt.) Limited

Order under Section 86 read with Section 476 and 498 of the Companies Ordinance, 1984

Number and date of show cause notice	No.CLD/CCD/Co.86-498 (09)/2015/2065 Dated 24-07-2015
Present:	Mr. Hafeez Ahmed, authorized representative
Dates of Hearing:	10-02-2016
Place of Hearing:	Faisalabad

ORDER

This Order shall dispose off proceedings initiated against the Chief Executive and Directors/Officers of M/s. Wanhar Textiles (Pvt.) Ltd (the “Company”) for default made in complying with the requirements of Section 86 read with Sections 476 and 498 of the Companies Ordinance, 1984 (the “Ordinance”).

2. The brief facts leading to the show cause notice are that the Company offered shares for allotment to its members vide Circular dated 01.07.2014 under Section 86(3) of the Ordinance and failed to file the same with the registrar concerned within the statutory period as prescribed in Section 86(4) of the Ordinance, i.e. before sending the said Circular to the shareholders. The Circular was subsequently filed with the registrar concerned with a delay of seven (07) months and eight (08) days in violation of the aforesaid provisions of Ordinance.

3. Accordingly, a show cause notice dated 24.07.2015 (the “SCN”) was issued calling upon the Company and its directors / officers to show the cause in writing within 14 days

from the date of receipt of the notice as to why penalties for the aforesaid violation might not be imposed.

4. In response to the above SCN, the Company has failed to furnish any clarification for the inordinate delay. Therefore, in order to provide an opportunity of personal hearing, the case was fixed for 10-02-2016 when Mr. Hafeez Ahmed, authorized representative on behalf of the Company and its directors, attended the hearing through Cisco Jabber from Faisalabad and argued the case. He admitted the default of the Company. Further, he requested for taking a lenient view in the matter.

5. I have gone through the relevant provisions of the Ordinance and the record of the Company maintained by this office. Sub-section (3) of Section 86 of the Ordinance, provides that where the directors decide to increase the paid up capital of a company by the issue of further shares, such shares shall be offered to members in proportion to the existing shares held by each members and shall be accompanied by a Circular duly signed by the directors or an officer of the company authorized by them in this behalf, in the form prescribed by the Commission containing material information about affairs of the company, latest statement of the accounts and setting forth the necessity for issue of further capital.

6. Sub-Section (4) of Section 86 of the Ordinance provides that a copy of Circular referred to in Sub-Section (3) of Section 86 duly signed by the directors or an officer authorized by them shall be filed with the registrar before the Circular is sent to the shareholders.

7. The provision of section 498 of the Ordinance provides that if a company or any other person contravenes or fails to comply with any provision of the Ordinance or any condition, limitation or restriction subject to which any approval, sanction, consent, confirmation, recognition, direction or exemption in relation to any matter has been accorded, given or granted, for which no punishment is provided elsewhere in the Ordinance, the company and every officer of the company who is in default or such other person shall be punishable with a fine which may extend to one million rupees, and, where the contravention is a continuing one, with a further fine which may extend to one hundred thousand rupees for every day after the first during which the contravention continues.




8. It has been clearly established that the Company and its directors, have violated the mandatory provisions of sub-section (4) of section (86) of the Ordinance by filing the Circular with the registrar concerned with a delay of seven (07) months and eight (08) days.

9. In view of above, since the default is established; I therefore, in exercise of the powers conferred under clause (c) of sub-section (1) of section 476 of the Ordinance impose penalty of Rs.10,000/- on the Chief Executive of the Company only.

10. The Chief Executive is, hereby, directed to deposit the amount of penalty in the Commission's account within 30 days of the receipt of this Order and furnish original receipt/ challan of the same to this office for record. The Chief Executive and directors are also advised to remain careful in the compliance of law in future.

11. This order is issued without prejudice to the any action(s) that may be initiated against the Company and its directors responsible for the violations of the aforesaid provisions of the Ordinance.

Announced at Islamabad
Dated 05-08-2016


(MUHAMMAD SIDDIQUE)
Executive Director (CCD-Regulation)