



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Before Tahir Mahmood, Executive Director (Enforcement)

In the matter of

Hamid Textile Mills Limited

No. & date of show cause notice	EMD/Enf-II/255/2004-2379 dated March 13, 2009 EMD/Enf-II/255/2004-3500 dated June 09, 2009
Date of hearing	July 30, 2009
Present	Mr. Khawar Almas Khawaja -Chief Executive

ORDER

UNDER THE PROVISIONS OF SUB-SECTION 3 OF SECTION 245 OF THE COMPANIES ORDINANCE, 1984

This Order shall dispose of the proceedings initiated against the directors of Hamid Textile Mills Limited (hereinafter referred to as the "Company") for default made in complying with the provisions of Sub-section (1) of Section 245 of the Companies Ordinance, 1984 (the "Ordinance").

2. The facts leading to this case, briefly stated, are that in terms of the provisions of Section 245 of the Ordinance, the Company was required to prepare and transmit to the members and simultaneously file with the Registrar and the Commission its quarterly accounts for the 1st quarter ended September 30, 2008, 2nd quarter ended December 31, 2008 and 3rd quarter ended March 31, 2009, within a period of one, two and one month of the close of said quarters i.e. by Oct 31, 2008, Feb 29, 2009 and April 30, 2009 respectively. The Company failed to file the aforesaid quarterly accounts with the Commission till date. Consequently, Show Cause Notices ("SCN") dated March 13, 2009 and June 09, 2009 were served on all the directors including the Chief Executive of the Company calling upon them to show cause as to why penalties as provided under Sub-section (3) of Section 245 read with Section 476 of the Ordinance may not be imposed on them for the aforesaid contravention.

3. The reply of SCN was submitted by Company Secretary on behalf of all the directors vide his letter dated June 02, 2009, in which it was narrated that Company will submit the quarterly accounts as soon as possible.



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3. In order to give an opportunity to the management of the Company to clarify their position, a hearing was fixed on July 30, 2009. On the date of hearing Mr. Khawar Almas Khawaja –Chief Executive appeared before me on behalf of all the directors to argue the case. During the course of hearing, while admitting the default, he contended that due to change of management and delay of annual audit for financial year 2008 the Company was not able to prepare quarterly accounts in time. He requested for taking a lenient view of the default.

4. I have gone through the record of the Company and have given due consideration to the submissions by the Chief Executive. However, I believe that delay in audit and change of management is not a cogent reason for non submission of quarterly accounts to the shareholders. In such circumstances it becomes more important for the share holders that they receive timely information about the affairs of the Company. It is the duty of the directors to ensure compliance with all the statutory requirements; furthermore, directors of the Company are responsible for timely preparation and circulation/submission of quarterly accounts to its members, registrar and the commission. However, in the instant case the directors have failed to prepare and file/circulate quarterly accounts with in time. Thus the Directors have deprived the shareholders of their statutory right to receive the quarterly accounts in time. I am, therefore, constrained to believe that the Company and its directors including the Chief Executive have willfully and deliberately committed the defaults in preparation, circulation and filing of aforesaid quarterly accounts, which is established from the record.

5. Although the default is established, yet keeping in view and assurance by Chief Executive to submit quarterly accounts as soon as possible, I am inclined to take a lenient view in the matter and instead of imposing maximum fine of Rs. 100,000 on every Director and a further fine of Rs. 1,000 per day for the continuous default for each quarter, I impose a fine of Rs. 100,000 (Rupees one hundred thousand only) on Mr. Khawar Almas Khawaja the Chief Executive of the Company only under Sub-section (3) of Section 245 of the Ordinance, other directors are strictly warned to be careful in future. I hope that directors of the Company will react positively to this lenient view and ensure compliance with mandatory provisions of the Ordinance in future.

The Chief Executive of the Company is hereby directed to deposit the aforesaid fine of Rs.100,000 (Rupees one hundred thousand only) in the designated bank account maintained in the name of Securities and Exchange Commission of Pakistan with MCB Bank Limited within thirty days from



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the receipt of this Order and furnish receipted vouchers or pay by a DD/pay order issued in the name of Commission for information and record, failing which proceedings under the Land Revenue Act, 1967 will be initiated which may result in the attachment and sale of movable and immovable property. It may also be noted that the said penalties are imposed on the Chief Executive in his personal capacity and he is required to pay the said amount from his personal resources.

Tahir Mahmood
Executive Director (Enforcement)

Announced
August 17, 2009
Islamabad