



Corporate Supervision Department  
Company Law Division

Before Ms. Amina Aziz – Director (CSD)

*In the matter of*

**Paramount Spinning Mills Limited**

Number and date of SCN: No. CSD/ARN/191/2015 dated January 05, 2017

Date of hearing: January 17, 2017, January 25, 2017, February 07, 2017, May 04, 2017 and May 25, 2017

Authorized Representative: Mr. Shadman Shoaib,  
Mr. Abid Amin

**ORDER**

**UNDER SECTION 45 READ WITH SECTION 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 **Paramount Textile Mills Limited** (the "Company"):

- |   |                          |   |                            |
|---|--------------------------|---|----------------------------|
| 1 | Mr. Sohail Maqsood       | 5 | Mr. Muhammad Akhtar Mirza  |
| 2 | Mr. Iftikhar Ali         | 6 | Mr. Muhammad Maqbool Anjum |
| 3 | Mr. Abid Sattar          | 7 | Mr. Hussain Ather          |
| 4 | Mr. Muhammad Ashraf Khan |   |                            |

The proceedings against the respondents were initiated through show cause notice (the "SCN") dated January 05, 2017 under the provisions of section 245 read with section 476 of the Companies Ordinance, 1984 (the "Ordinance").

2. The brief facts of the case are that as per record, the Company did not file the interim financial statements ("Quarterly Accounts") for the period ended September 30, 2016 in physical form with the Commission, as per requirements of section 245 of the Ordinance. Consequently, the SCN was issued to the respondents whereof they were called upon to show cause in writing as to why penal action may not be taken against them under sub-section (3) of section 245 of the Ordinance for not filing the aforesaid Quarterly Accounts.

3. Hearing in the matter was held on May 25, 2017, Mr. Shadman Shoaib and Mr. Abid Amin, appeared on behalf of the Company as authorized representatives before the undersigned. They stated that due to uncontrollable circumstances the Company was not able to hold its AGM for the year ended June 30, 2015 and June 30, 2016 within the prescribed time. However, the state of affairs of the Company

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are improving. It is regularizing things, the audit of the accounts of the company is in the final stage and expected to complete till August 31, 2017 for the year ended June 30, 2015 and till September 30, 2017 for the year ended 2016.

4. Furthermore, the Company had sought directions to hold its overdue AGM for both the years that is June 30, 2015 and June 30, 2016 and lastly, the representatives requested for a lenient view.

5. Before proceeding further, it is necessary to advert to the following relevant provisions of the Ordinance. In terms of sub-section (1) of section 245 of the Ordinance read with Commission's circular no. 9 dated March 19, 2003, all listed companies are, inter alia, required to file their quarterly accounts with the Commission within stipulated time i.e. one month from the close of first and third quarters and two months from the close of second quarter.

Sub-section (3) of section 245, inter alia, provides as under:

*(3) If a company fails to comply with any of the requirements of this section, every director, including chief executive and chief accountant of the company who has knowingly by his act or omission been the cause of such default shall be liable to a fine of not exceeding one hundred thousand rupees and to a further fine of one thousand rupees for every day during which the default continues.*

In terms of the Commission's notification SRO 1003 (I)/2015 dated October 15, 2015, the powers to adjudicate cases under section 245 have been delegated to the Director (Corporate Supervision Department).


6. I have analyzed the facts of the case, relevant provisions of the Ordinance, and submissions made by the respondents. Before deciding upon on matter, manner not only provide to its users a reliable source of information regarding a company's financial position and performance but these also show the results of management's stewardship of resources entrusted to it. In order to ensure transparency, all the companies must meticulously follow the legal requirement for preparing and circulation of interim accounts. In addition to their responsibility of overseeing and managing affairs of the Company, directors also have fiduciary duties towards the Company and its shareholders. I would like to highlight that the requirement to circulate interim accounts was introduced so that the shareholders could have timely access to information about the affairs of companies. Keeping in view the fact that timing of interim financial statements is of essence the disclosure and audit requirements of these accounts have been kept to a bare minimum. Interim financial statements prepared properly and in a timely Company and its shareholders. They are, therefore, liable to a higher level of accountability, which requires them to be vigilant and perform their duties with care and prudence. It is directors' responsibility to oversee the functioning of the company, to keep it appropriately staffed and organized to ensure due compliance of law.

7. I have perused the matter, reviewed the compliance history of the Company with respect to statutory filings with the Commission and the submission made before me during the hearing. The Company except for the past couple of years had a satisfactory compliance history vis-à-vis filing of annual and quarterly accounts. However, during the past two years the respondents failed to fulfill their



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statutory obligation thereby depriving the shareholders from their basic right to information. The respondent have been penalized for the same non-compliance in the previous year. However, in the past the respondents had failed to acknowledge and respond to the notices issued the Commission. It is heartening to note that the respondent have engaged with the Commission in a constructive manner and have pledged to ensure compliance regarding filing of the respective quarterly accounts. Keeping in view, the fact that the Company has sought directions to hold its overdue AGM and committed to file the pending accounts after approval, I hereby taking a lenient view, conclude the proceedings with a warning.



**Amina Aziz**  
Director (CSD)

**Announced:**  
June 30, 2017  
Islamabad

