



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department-I

Adjudication Division

ORDER	
Name of Company:	Globe Textile Mills Limited
Number and date of Show Cause Notice:	CSD/ARN/172/2015-608 dated November 15, 2024
Respondents:	(i) Mr. Arif Haji Habib, CEO/Director (Respondent No. 1); (ii) Mrs. Farzana Arif, Director (Respondent No. 2); (iii) Mst. Gul Bano Haji Habib, Director (Respondent No. 3); (iv) Mr. Arshad Arif, Director (Respondent No. 4); (v) Ms. Misbah Arif, Director (Respondent No. 5); (vi) Mrs. Farzeen Fazl-e-Umer, Director (Respondent No. 6); (vii) Ms. Sameera Yasin Saya, Director (Respondent No. 7); and (viii) Globe Textile Mills Limited, through its CEO (Respondent 8)
Date(s) of Hearing(s):	December 6, 2024
Case Represented by:	Mr. Arshad Arif – CEO; (As Authorized Representative)
Provision of Law Involved:	Under Section 132 read with Section 479 of the Companies Act, 2017

This Order shall dispose of the proceedings initiated by the Securities and Exchange Commission of Pakistan (**the Commission**) against M/s. Globe Textile Mills Limited (**the Company**) and its Board of Directors (**BoD**) (herein collectively referred to as **the Respondents**) through Show Cause Notice CSD/ARN/172/2015-608 dated November 15, 2024 (**the SCN**) issued under Section 132 of the Companies Act, 2017 (**the Act**) read with Section 479 thereof.

2. The brief facts of the case are that from perusal of the relevant record of the Commission, it was noted that the Respondents failed to hold the Annual General Meeting of the Company for the Financial Year ended June 30, 2024 (**the AGM**) within a period of one hundred and twenty (120) days following the closure of its afore-stated Financial Year, as required under sub-section (1) of Section 132 of the Act.

3. Taking cognizance on the subject, the SCN dated November 15, 2024 was issued to the Respondents to show the cause in writing as to why penal action may not be taken against them for non-compliance with the provisions of Section 132 of the Act. In response to the SCN, the CEO of the Company on behalf of the Respondents vide its letter dated December 11, 2024 submitted, *inter alia*, as under:

- (a) With regard to the non-holding of AGM for 2024, the Company is currently behind in filing its quarterly accounts and is in the process of finalizing its financial statements for 2023. The Company requests additional time to meet these compliance obligations. The Company plans to file an application this month to hold the overdue AGM for 2023, with the aim of conducting AGM for 2024 by the end of January 2025. Upon receiving the necessary approvals, it intends to submit the quarterly accounts for 2023-2024, allowing it to hold the AGM for 2024 by the end of March 2025. While the Respondents acknowledge that delays

[Handwritten signature and date]
31/07/2025

attract penalties from the Commission and PSX, they request leniency in imposing additional penalties to avoid further financial strain on the Company.

- (b) Further, the Respondents also highlighted other challenges affecting their compliance efforts. First, the induction of independent directors and appointment of a chairman remain unresolved due to the trading suspension since 2012, which has prevented share transfers. Second, e-filing of accounts and forms, including Form A and Form 29, has been obstructed by the Commission's wind-up petition filed in April 2017. As the Company is in the wind-up process, filings must be submitted by a court-appointed liquidator, leaving the Commission's records outdated, with the last recorded Form 29 dating back to 2014. Although several director elections have taken place over the past decade, the Commission's system has not been updated due to these restrictions.
- (c) The Respondent remain committed to resolving these compliance issues and seek guidance on the appropriate steps to ensure regulatory requirements are met.

4. In order to provide an opportunity for personal representation, hearing in the matter was fixed for December 06, 2024, which was attended by Mr. Arshad Arif (CEO) as the Authorized Representative (**the Representative**). During the course of hearing, the Representative reiterated the stance taken in response to the SCN vide letter dated December 11, 2024. Further, the Representative informed that the Company is currently without employees and that the process of winding up has been initiated through the court. Furthermore, it was also shared during the hearing that following changes have occurred in the BOD but same are not being reflected in the records of the Commission due to bar on filing of regulatory reports:

Name of BOD as appearing in the SCN	Replaced by
Mrs. Farzeen Fazl-e-Umer	Ms. Saman Muhammad Fahim
Mst. Gul Bano Haji Habib	Ms. Maheen Arif
Ms. Sameera Yasin Saya	Ms. Humaira Arshad
Mr. Arif Haji Habib (Late)	Ms. Laiba Arshad

5. I have considered the facts of the case based on the relevant provisions of the Act and the record available with this office on the case at hand. At this juncture, it is imperative to discuss the following legal and factual elements:

- (i) In terms of Section 132(1) of the Act, every company is required to hold its AGM once in every calendar year within a period of one hundred and twenty days (120) following the close of its financial year. Accordingly, it was obligatory on part of the Company to hold its AGM by October 28, 2024, which it failed to hold.
- (ii) The holding of an AGM is a fundamental statutory requirement as it provides members with an opportunity to participate in discussions and vote on agenda items, including the consideration and approval of the company's financial statements. In order to ensure transparency and to protect shareholders' rights, the Company is required to meticulously adhere to the provisions of law as prescribed under the Act for holding of AGMs and the

Handwritten signature and date:
31-07-2025

Respondents, in any manner whatsoever, cannot absolve themselves from their statutory duties pertaining to holding of AGMs, in a timely manner.

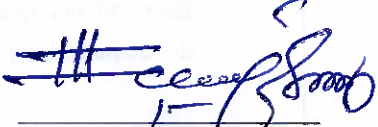
- (iii) In the recent judgment passed by the Appellate Bench of the Commission, in the matter of *Gulistan Spinning Mills Limited vs. Director/HoD Adjudication-I* (Appeal No. 71 of 2022), the Appellate Bench has held that *"A public listed company has a higher responsibility to disseminate a true and accurate state of affairs to all the stakeholders by holding the AGM within the stipulated time so that appropriate and timely decisions are made. Therefore, the Company, the BoD and Company Secretary should have conducted the AGM as per the applicable legal framework."*
- (iv) Furthermore, as per the available records, the Commission took penal actions against the Company and its BOD through its Orders dated May 26, 2017, January 18, 2019, and January 29, 2024, for similar matters. This demonstrates a pattern of recurring non-compliance by the Company and its BOD, reflecting a lack of commitment to adhering to the regulatory requirements.
- (v) Moreover, a winding-up sanction order has also been passed against the Company on December 08, 2015. However, it is pertinent to note that in light of the clear provision of Section 387 of the Act, such sanction does not exonerate the Company and its Board of Directors from continuing to hold its general meetings and meeting other regulatory compliance, which would allow members to be informed about the current situation.
- (vi) It is further observed for the record that the Representative submitted the power of attorney duly authorized by the current BOD which has been duly accepted.

6. In view of the preceding facts, I am of the considered view that by failing to hold AGM for financial year June 30, 2024 within the prescribed timeframe, the Respondents have contravened the requirements of sub-section (1) of Section 132 of the Act, which attracts a penal action under sub-section (5) of Section 132 of the Act. I, therefore, in exercise of powers conferred upon me under sub-section (5) of Section 132 of the Act read with S.R.O. 1545(I)/2019 dated December 6, 2019, hereby impose an aggregate penalty of **Rs.25,000/- (Rupees Twenty Fifty Thousand Only)** on the Company, and strictly warn the surviving Respondents to ensure meticulous compliance with the applicable legal provisions in future. Furthermore, the members of the BOD along with the Company Secretary of the Company are advised to hold the subject AGM at the earliest and make necessary reporting to the relevant Division/Department of the Commission accordingly.

7. The Company through its CEO is, hereby, directed to deposit the aforesaid amount of penalty in the designated bank account maintained in the name of the Commission with MCB Bank Limited or United Bank Limited within thirty (30) days from the date of this Order and to furnish a receipted bank challan to the Commission forthwith. In case of failure to deposit the penalty, the proceedings under

Handwritten signature and date:
31-07-2025

Section 485 of the Act will be initiated for recovery of the fines as arrears of land revenue pursuant to provision of Section 42 of the Securities and Exchange Commission of Pakistan Act, 1997 (the SECP Act).


Sohail Qadri 31-01-2025
Director/ HOD
Adjudication Department-I

Announced:
January 31, 2025
Islamabad.