



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
Adjudication Department –II
Lahore.

Through Courier

NO. ADJ-II/LHR/ 296

August 16, 2023

THE CHIEF EXECUTIVE,
M/S. BEST FABRICS (PVT.) LIMITED,
MAIN ROAD, CHAK NO. 208 R. B.,
FAISALABAD.

**SUBJECT: ORDER IN RESPECT OF SHOW CAUSE NOTICE SCN NO./AO-LHR/694
DATED JULY 11, 2023 IN THE MATTER OF M/S. BEST FABRICS
(PRIVATE) LIMITED**

Dear Sir/Madam,

Please find enclosed herewith copy of the final "Order", in the title matter for proceedings under section (s) 233 of the Companies Act, 2017, for your record and necessary action.

Mohsin Syed
Additional Registrar/Adjudication Officer,
Adjudication Department-II, Lahore.

Cc: Incharge Company Registration Office, Faisalabad,
2nd Floor Faisalabad Chamber of Commerce & industry Building,
East Canal Road,
Faisalabad.



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SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
ADJUDICATION DEPARTMENT –II

LAHORE

Through Courier

BEFORE MOHSIN SYED, ADDITIONAL REGISTRAR /ADJUDICATION
OFFICER, ADJUDICATION DEPARTMENT –II, LAHORE.

In the Matter of

M/S. BEST FABRICS (PRIVATE) LIMITED

Number and date of SCN: SCN No. /AO-LHR/694 dated July 11, 2023
Dates of Hearing/s: July 18, 2023, July 27, 2023 and August 10, 2023
Present: None, appeared for personal hearing.

ORDER

**UNDER SECTION 233 READ WITH SECTION 479
OF THE COMPANIES ACT, 2017**

This Order shall dispose of the proceedings against M/S. Best Fabrics (Private) Limited (*"the Company"*) and its directors including the chief executive (*"the Respondents"*), initiated through Show Cause Notice (*"the SCN"*) dated July 11, 2023 issued under the provisions of Section 233 read with Section 479 of the Companies Act, 2017 (*"the Act"*).

2. Brief facts of the case are, that *"the company"* had failed to file its audited financial statement(s) for the year(s) ended 2021 and 2022 with the *"Registrar"* within the stipulated timeline, pursuant to Section(s) 233 of *"the Act"*. Without any prejudice, the company had contravened the aforesaid provisions of *"the Act"* and rendered the company liable to a penalty of level-1 on the standard scale, as provided under Section 233(4) read with Section 479 of *"the Act"*.

3. Consequently, the aforesaid SCN dated July 11, 2023 was issued to *"the respondents"* to show cause in writing as to why penal action as enunciated under Section 233 (4) read with Section 479 may not be taken against *"the company"* for failing to conform to the provisions of Section(s) 233 of *"the Act"*, *ibid.*

4. In the matter of aforesaid SCN, initial opportunity of hearing was provided to the company by fixing hearing on July 18, 2023 through serving the Show Cause notice on July 11, 2023 at the registered office of the company, however, both the company and its chief executive /director(s) had failed to appear personally or through an authorized representative on the scheduled date and time. Thereafter, another opportunity of hearing was provided to the company through its chief executive / director(s) by fixing hearing for July 27, 2023 through serving the hearing notice on July 19, 2023 sent at the registered office of the company in addition to the residential address of the chief executive/director(s), however, both the company and its chief executive/director(s) had again failed to appear personally or through an authorized representative on the scheduled date and time. Considering the persistent



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62
16/08/2023.



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Continuation Sheet - 1

non-appearance, a final opportunity of hearing was provided to the company through its chief executive and director(s) by fixing hearing for August 10, 2023 by serving a final notice on July 31, 2023, however, the company and its chief executive/director(s) had again failed to appear personally or through an authorized representative on the scheduled date and time and neither, any reply was received in this regard from "the respondent(s)". It is pertinent to mention here that all the said hearing notice(s) were sent through courier, at the registered addresses of the company and its chief executive/director(s) that were subsequently delivered and have been served upon the company and its director(s)/chief executive.

5. Before proceeding further, it is necessary to advert to the relevant provisions of the law and Section 233 of the Companies Act, 2017 which unambiguously stipulates that:

Sub-section (1) of Section 233 "Without prejudice to the provisions of sub-section (5) of section 223, after the audited financial statements have been laid before the company at the annual general meeting and duly adopted, a copy of such financial statements together with reports and documents required to be annexed to the same, duly signed in the manner provided by sections 226, 232 and 251, shall be filed by the company with the registrar within thirty days from the date of such meeting in case of a listed company and within fifteen days in case of any other company."

Sub-section (4) of Section 233 provides: that Any contravention or default in complying with requirements of this section shall be an offence liable—

- a) in case of a listed company, to a penalty of level 2 on the standard scale; and*
- (b) in case of any other company, to a penalty of level 1 on the standard scale and whereas*

6. It is clear from the abovementioned scripts of the law that the company was in default of Section 233 (1) of "the Act" as it had failed to file the annual audited financial statements for the year(s) ended 2021 and 2022, with the Registrar and within the timeline provided, therein. The nature, seriousness and impact of the breach shows that the act of the company was deliberate and moreover the persistent default, duration, the extent and frequency of the violation has raised serious concerns over the systemic weaknesses of the management systems and internal controls of the company necessitating the need to take serious cognizance and stern action by the Commission by seeing the nature and gravity of the default in the instant case.

7. In terms of the Commission's Notification S.R.O. 1546 (I)/2019 dated December 06, 2019, the powers to adjudicate cases under Section 233 of "the Act" have been delegated to the undersigned as Adjudication Officer, Adjudication Department- II, Lahore.

8. As regards the matter at hand, I have analyzed the facts of the case, relevant provisions of "the Act" and let me state the fact that the afore-mentioned provisions of the law are unambiguous and explicit and the fact that timing is essence of accounts and, the disclosure requirements of these accounts have been kept to a bare minimum. Financial statements and other returns prepared accurately and in a timely manner provide to its users a reliable source of information regarding a company's financial position and performance, besides illustrating the results of the management's stewardship of resources entrusted on to it. In order to ensure



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16/08/2023




SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Continuation Sheet - 2

transparency, all companies must meticulously adhere to the relevant law(s) for preparation and circulation of financial statements. Directors are obligated to ensure that such mechanisms are in place, and appropriate actions be taken, whereby financial and operational reporting of the company is timely achieved, whilst ensuring due compliance of the law.

9. Considering the facts on record, non-compliance of the company and record presented before the undersigned during the course of proceedings of the case, I am compelled to infer and decide the case ex-parte as the company has failed to comply with the mandatory requirements of Section 233, despite being provided with the aforesaid numerous hearing opportunities, in the instant case. Before proceeding with the decision, I would also like to highlight that the company and its director(s)/chief executive are obligated under "the Act", to devise a system where all the reporting and filing requirements defined under "the Act" are adhered to, within the stipulated timelines. However, it is evident from proceedings of the case, that the company has failed to comply with the requirements of Section 233 of "the Act", therefore, I, while exercising the powers delegated vide SRO 1546 (I)/2019 dated December 06, 2019 under Section 233 read with Section 479 of the Companies Act, 2017, hereby impose a penalty of **Rs. 25,000/-** upon the company, to conclude ("the SCN") proceedings.

10. This order is being issued without prejudice to any other action, that the Commission may initiate against the company in accordance with law/s on matters subsequently, investigated or otherwise brought to the knowledge of the Commission. The chief executive of the Company is advised to deposit the aforementioned penalty in the designated bank account maintained with MCB Bank Limited or UBL Bank Limited in the name of the **Securities and Exchange Commission of Pakistan**, within thirty days from the receipt of this Order, and original receipted bank vouchers must be furnished to the Commission. In case of non-deposit of the fines, proceedings for recovery of the same shall be initiated against the company and the respondent(s) to this show cause notice.


16/08/2023
Mohsin Syed
Additional Registrar/Adjudication Officer,
Adjudication Department-II, Lahore.

Announced:
August 16, 2023,
Lahore.

The Chief Executive,
M/S. Best Fabrics (Private) Limited,
Main Road,
Chak No. 208 R. B.,
FAISALABAD.



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