



Corporate Supervision Department
Company Law Division

Before Ms. Amina Aziz – Director (CSD)

In the matter of

Moonlite (Pak) Limited

Number and date of SCN: No. CSD/ARN/211/2015-dated October 06, 2016
Date of Hearing: November 22, 2016
Present: Muhammad Sohail, Company Secretary

ORDER

UNDER SECTION 245 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 **Moonlite (Pak) Limited** (the “Company”):

- | | | | |
|---|---------------------|---|-------------------------|
| 1 | Mr. Muhammad Ashraf | 5 | Mrs. Nasreen Ashraf |
| 2 | Mr. Muhammad Sohail | 6 | Mrs. Parsa Sohail |
| 3 | Mr. Shahid Umer | 7 | Mr. Abdullah Ghulam Ali |
| 4 | Mr. Faraz Ashraf | | |

The proceedings against the respondents were initiated through show cause notice (the “SCN”) dated October 06, 2016 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 the Company did not file the interim financial statements (“Quarterly Accounts”) for the following periods with the Commission, in a timely manner as per requirements of section 245 of the Ordinance:

Quarter Ended	Due on
31-Dec-15	29 -Feb-16
31-Mar-16	30-Apr-16

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Consequently, the SCN was issued to the respondents whereof they were called upon to show cause in writing within fourteen days 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 with the Commission in a timely manner, as per requirements of the law.

3. The Company vide its letter dated October 13, 2016 informed that it has filed a petition in Honourable Lahore High Court for sanction of merger with Bunny's Limited. They further stated that till the approval of the scheme the Company Board is not functional and it is being run by a Liquidator. In light of the above it was requested to withdraw the notice.

4. Hearing in the matter was fixed for October 24, 2016 however no one appeared on the date of hearing. Hearing was re-fixed for November 22, 2016 which was attended by Mr. Muhammad Sohail, Company Secretary on behalf of the respondents wherein same arguments as earlier given in the written submissions were reiterated. However, assurance to submit the accounts by December 31, 2016 and an undertaking to submit the accounts by said date was also received letter dated November 24, 2016. Despite the undertaking the company failed to submit the accounts in and instead requested for more time, vide its letter dated January 02, 2016. Before proceeding further, it is necessary to advert to the following relevant provisions of the Ordinance.

5. 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 are 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 this matter 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



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essence, the disclosure and audit requirements of these accounts are kept to a bare minimum. Interim financial statements prepared properly and in a timely 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. 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. It is clear that the company has failed to file aforesaid Quarterly Accounts. The respondents displayed a very callous attitude and complete disregard of the mandatory provisions of law, the proceedings initiated against them by the Commission and have made reckless commitments at the time of the hearing. The aforesaid reflect a disregard of the applicable legal framework by respondent which is not befitting for directors of a public listed company in their fiduciary capacity as caretakers of the investment of the minority shareholders. Keeping in view of the above I, hereby impose a fine of Rs.10,000 (Rupees five thousand each) for each quarter on each respondents aggregating to Rs.20,000 (Rupees ten thousand each) for contravening the provision of section 245 of the Ordinance. The respondents are directed to deposit the fine in the following manner:

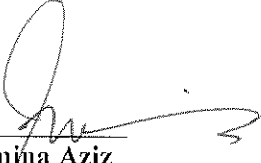
S.#	Names of Directors	31-Dec-2015	31-Mar-2016	Amount in Rs.
1	Mr. Muhammad Ashraf	10,000	10,000	20,000
2	Mr. Muhammad Sohail	10,000	10,000	20,000
3	Mr. Shahid Umer	10,000	10,000	20,000
4	Mr. Faraz Ashraf	10,000	10,000	20,000
5	Mrs. Nasreen Ashraf	10,000	10,000	20,000
6	Mrs. Parsa Sohail	10,000	10,000	20,000
7	Mr. Abdullah Ghulam Ali	10,000	10,000	20,000
	TOTAL	70,000	70,000	140,000

The aforesaid fines must be deposited in the designated bank account maintained with MCB Bank Limited in the name of the "Securities and Exchange Commission of Pakistan" within thirty days from the receipt of this order and receipted bank vouchers must be furnished to the Commission. In case of non-deposit of the fine, proceedings for recovery of the fines as arrears of land revenue will be initiated. It



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may also be noted that the aforesaid fines are imposed on the respondents in their personal capacity; therefore, they are required to pay the said amount from personal resources.



Amjha Aziz
Director (CSD)

Announced:
January 13, 2017
Islamabad