



Corporate Supervision Department
Company Law Division

Before Abid Hussain – Executive Director

In the matter of

Noor Silk Mills Limited

Number and date of EMD/233/312/2002-1285, dated March 27, 2012
notice:

Date of hearing: April 25, 2012, October 19, 2012, February 8, 2013, July 1,
2013, October 23, 2013, September 2, 2015, September 17,
2015,
October 22, 2015, November 26, 2015, December 23, 2015,
February 29, 2016, March 14, 2016, March 31, 2016,
February 7, 2018

Present: No one appeared.

ORDER

**UNDER SECTION 492 READ WITH SECTION 476 OF THE COMPANIES
ORDINANCE, 1984**

This Order shall dispose of the proceedings initiated against Mr. M Amin H. Noor Mohammad; the Chief Executive (*the "Respondent"*) of Noor Silk Mills Limited (*the "Company"*) through Show Cause Notice (*the "SCN"*) dated March 27, 2012 issued under the provisions of Section 492 read with Section 476 of the Companies Ordinance 1984 (*the "Ordinance"*).

2. Brief facts of the case are that Mr. Ashraf H. Mohammad, a director of the Company (*the "Complainant"*) filed a complaint dated November 4, 2011 with the Commission. He alleged that the Respondent held the Annual General Meeting (*the "AGM"*) of the Company on October 31, 2011, without approval of the directors and annual accounts of the Company for the year ended June 30, 2011 were not seen and approved by him. Taking cognizance of the matter, the Commission vide letter dated November 16, 2011 sought clarification from the Company to explain its position. The Company in reply vide its letter dated November 24, 2011, submitted that the meeting of directors was held on September 11, 2011 and accounts were signed and approved by the



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directors. The Company also provided the minutes of the meeting which were authorized by the Chief Executive Officer under his signature and which purported to be bearing the signature of all the directors including the Complainant.

3. In this regard, it was observed that the Complainant vide his letter dated December 13, 2011 had already categorically denied signing the aforesaid minutes and stated that his signatures were forged by the Respondent. It was therefore observed that the Respondent misstated by submitting the false statement and documents with the Commission. Therefore, SCN dated March 27, 2012 under Section 492 of the Ordinance was issued to the Respondent.

4. Respondent in reply to the SCN received on April 9, 2012 submitted that the matter with the Complainant has been fully resolved and requested to withdraw the case against him. He provided the copies of board meeting duly signed by the directors. Simultaneously he also submitted a copy of letter dated March 6, 2012 purportedly from the Complainant that the family dispute with all the directors has been resolved and requested to withdraw the case against the Company and directors.

5. Considering the reply submitted by the Respondent, hearing in the matter was fixed on April 25, 2012, at Commission's Islamabad Office. Respondent in reply vide his letter dated April 21, 2012 requested to adjourn the hearing for six weeks and fix the same in Karachi instead of Islamabad. Considering the request of the Respondents, the matter was fixed on October 19, 2012 in Commission's Office at Karachi. It was observed that no one appeared on the behalf of Respondent on the said date. So hearing was re-fixed on February 8, 2013 at the same venue. Respondent appeared on the said date and submitted that the signature of the Complainant on the minutes of the board meeting held on September 11, 2011 were genuine. However, it may be mentioned that the Complainant negated the stance of the Respondent that the issues have been settled and submitted his comment on the earlier letter dated March 6, 2012 that *"This is not my signature"*.



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6. However, considering the intricacy of the case, hearing in the said matter was again fixed on July 1, 2013 and then on October 23, 2013 at Commission's Karachi office. In the said hearing, no one appeared and no response was received from the Respondent. To conclude the proceedings, hearings were re-fixed on September 2, 2015, at Commission's Islamabad Office. The Respondent, in reply vide his letter dated August 24, 2015 submitted that due to illness he could not attend the hearing and requested to adjourn the hearing for two months and fix the same in Karachi. The matter was re-fixed on September 17, 2015 and October 22, 2015 at Commission's Islamabad Office. The Respondent in reply vide his letter dated October 19, 2015 again requested for two months adjournment due to illness.

7. The hearing in the said matter was again fixed on November 26, 2015. In reply to the hearing notice, Respondent vide his letter dated November 23, 2015 sent acknowledgment and requested to attend the hearing through video link facility. However, due to unavoidable circumstances, the said hearing was cancelled and re-fixed on December 23, 2015. The Company in reply requested for adjournment as the Respondent was not available due to Umrah. Afterwards, the hearing was fixed on February 29, 2016, March 14, 2016, March 31, 2016 and finally on February 7, 2018. However, the Company in reply vide its letters dated February 25, 2016, March 12, 2016, March 29, 2016 and February 3, 2018 submitted that the Respondent was unable to attend the hearing citing reasons including illness and being out of station.

8. As mentioned above, it is observed with concern that numerous hearing opportunities were provided to the Respondent, however the Respondent did not appear and requested for the adjournments citing one or the other reason. This depicts that the Respondent is unwilling to attend the proceedings despite of being afforded the opportunity to appear through video conferencing facility from the office of the Commission at Karachi which was also not availed by the Respondent. In view of the foregoing, I am constrained to conclude the proceedings based on the record available with the Commission. It may further be mentioned that the Commission received a letter



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from the complainant dated June 20, 2013 in which it was stated that "...disputes with all the directors have resolved hence you are requested to withdraw the case against Mr. M. Amin H. Noor, Chief Executive..." however said letter failed to shed light on the matter of false statement made by the Respondent for which the complaint was made by the Complainant.

9. Before proceeding further, it is necessary to advert to the following relevant provisions of Section 492 of the Ordinance, which states as under:

"Whoever in any return, report, certificate, balance sheet, profit and loss account, income and expenditure account, prospectus, offer of shares, books of accounts, application, information or explanation required by or for the purposes of any of the provisions of this Ordinance or pursuant to an order or direction given under this Ordinance makes a statement which is false or incorrect in any material particular, or omits any material fact knowing it to be material, shall be punishable with a fine not exceeding five hundred thousand rupees."

10. The aforesaid provisions of the law are clear and explicit. It is my considered view that the Respondent submitted the false statements and documents with the Commission, which includes the false minutes of the meetings bearing the non-genuine signature of the directors. It has also been observed that the letter dated June 20, 2013 submitted by the Complainant for withdrawal of his complaint never mentions that the earlier stance of the Complainant was incorrect and his signatures on the minutes of the BOD as submitted by the Respondent to the Commission were genuine. It is therefore construed that the Respondent tried to mislead and deceive the Commission by submitting false statements before the Commission and he never submitted any evidence as regards the originality of signatures of the complainant and also did not appear on a number of hearing opportunities provided to him in this regard. Moreover, such act tarnishes the integrity and trustworthiness of the Respondent, being director and CEO of the Company. Respondent is lawfully bound to submit with the Commission the documents,



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which are true in nature and free from any material misstatement. Respondent knowingly submitted false minutes of meeting to deceive the Commission and tried to escape from his fiduciary duties. This act of the Respondent therefore attacks the provision of the Section 492 of the Ordinance.

11. In terms of the Commission's notification SRO 1003 (I)/2015 dated October 15, 2015, the powers to adjudicate cases under section 492 of the Ordinance have been delegated to the Executive Director (Corporate Supervision Department).

12. For the foregoing reasons, I am of the considered opinion that the Respondent has made himself liable under the provisions of Section 492 of the Ordinance for the fine as prescribed by this Section. I, while exercising the powers conferred by the aforesaid provision of the Ordinance, I hereby impose a fine of Rs.100,000 (Rupees one hundred thousand only) on Respondent under the provisions of Section 492 of the Ordinance.

The aforesaid fine 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 furnish receipted bank vouchers to the Commission. In case of non-deposit of fine, proceedings for recovery of the fines as arrears of land revenue will be initiated against the Respondent. It may also be noted that the said fines are imposed on the Respondent in his personal capacity; therefore, he is required to pay the said amount from personal resources.

ABID HUSSAIN
Executive Director
Corporate Supervision Department

*Announced:
March 8, 2018
Islamabad*

