



Corporate Supervision Department  
Company Law Division

Before Abid Hussain – Executive Director

*In the matter of*

**Noor Silk Mills Limited**

Number and date of notice: CSD/ARN/176/2015-2282-88, dated January 08, 2016  
Date of hearing: February 29, 2016, March 14, 2016, March 31, 2016 and February 07, 2018  
Present: No one appeared. Proceeding concluded based on the record available with the Commission.

**ORDER**

**UNDER SECTION 177 READ WITH SECTION 186 AND 476 OF THE COMPANIES  
ORDINANCE, 1984**

This Order shall dispose of the proceedings initiated against the directors (*the "Respondent"*) of Noor Silk Mills Limited (*the "Company"*) through Show Cause Notice (*the "SCN"*) dated January 08, 2016 issued under the provisions of Section 177 read with Section 186 and 476 of the Companies Ordinance, 1984 (*the "Ordinance"*).

2. Brief facts of the case are that, the Company held its annual general meeting on October 31, 2008. In the said meeting, the Company elected seven directors for the term of three years. The term of these elected directors was to be expired on October 31, 2011. Perusal of record available with the Commission revealed that the Company failed to hold its election on directors on October 31, 2011, and thereby contravened the provisions of Section 177 of the Ordinance. In this regard, a SCN dated January 08, 2016 was issued to the Respondents to show cause as to why penal action may not be taken against them for violation with the provisions of Section 177 of the Ordinance.

3. Subsequent to the issuance of SCN, the Commission vide its letter dated February 15, 2016, and March 02, 2016 fixed the hearing on February 29, 2016 and March 14, 2016 respectively at Commission's Islamabad Office. The Company in its reply vide his letter dated February 25, 2016 and March 12, 2016 submitted that the directors were out of station so would not be able to attend the hearing. Thereafter, the Commission vide its letter dated March 16, 2016 fixed the hearing on March 31, 2016. The Company in reply vide its letter dated March 29, 2016 again responded that the directors were out of station so hearing in the matter could not be attended. In order to



# SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Corporate Supervision Department  
Company Law Division

Continuation Sheet - I -

provide the final hearing opportunity, hearing was fixed on February 07, 2018, wherein it was specifically mentioned that in case of nonappearance, the Commission would pass an ex-parte order based on the material available in record. It was however, observed that neither any one appeared in the hearing nor any response was received from the respondents by the Commission.

4. As mentioned above, that multiple hearing opportunities were provided to the respondents, however no one appeared in the hearing. This shows that the Respondents were not willing to attend the proceedings rather they appear not to be befitted to discharge their fiduciary duties being directors of the public listed company. Therefore, I am constrained to conclude the proceedings based on the record available with the Commission.

5. Before proceeding further, it is necessary to advert to the following relevant provisions of Section 177 of the Ordinance, which states as under:

*“ On the date of the first annual general meeting of a company all directors of the company for the time being who are subject to election shall stand retired from office and thereafter all such director shall retire on the expiry of the term laid down in section 180:*

*Provided that the directors so retiring shall continue to perform their functions until their successors are elected:*

*Provided further that the directors so continuing to perform their functions shall take immediate step to hold the election of directors and in case of any impediment report the circumstances of the case to the registrar within fifteen days of the expiry of the term laid down in section 180.”*

6. The above referred section clearly stipulates that the board of directors of the company are duty bound to take immediate step to hold election of directors, after the expiry of term defined in Section 180 of the Ordinance. In the instant case, the election of directors were held on October 31, 2008 and the term was expired on October 31, 2011. The Respondents were under statutory and fiduciary duty to take immediate steps to hold election of directors; at the expiry of term. The record available with the Commission reveals that no such action was taken by the Respondents to hold election of directors. I have reviewed the notice of annual general meetings of the Company for the year ended June 30, 2008 to June 30, 2015. The said notices do not include any agenda item pertaining to election of directors. Moreover, no record was found regarding the filing of impediment report with the Registrar within the stipulated period of fifteen days.



# SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Corporate Supervision Department  
Company Law Division

Continuation Sheet - 2 -

7. In terms of notification S.R.O 751(I)/2017 dated August 02, 2017, the power to adjudicated cases under Section 186 of the Ordinance has been delegated to Executive Director (Corporate Supervision Department).

8. For the foregoing reasons, I am of the considered opinion that the Respondents have violated the provisions of Section 177 of the Ordinance and made themselves liable for the fine as prescribed under the provisions of Section 186 of the Ordinance. I hereby impose a fine of Rs.10,000 (Rupees ten thousand only) on each Respondent as mentioned below:

S. No.	Director	Penalty (Rs)
1	Mr. Haji Noor Mohammad	10,000
2	Mr. Amin Noor Mohammad	10,000
3	Ms. Farida Ashraf	10,000
4	Mr. Abdul Rauf Muhammad	10,000
5	Mr. Ashraf H. Muhammad	10,000
6	Mr. Younus A. Aziz	10,000
7	Ms. Jamila Ilyas	10,000
	Total	70,000

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:**  
May 31, 2018  
Islamabad

