



Corporate Supervision Department
Company Law Division

Before Ms. Amina Aziz – Director (CSD)

In the matter of

Noor Silk Mills Limited

Number and date of SCN: No. CSD/ARN/172/2015-4701-07, dated June 28, 2016
Date of hearing: July 11, 2016, August 02, 2016, August 16, 2016 and August 31, 2016.
Present: None.

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 Noor Silk Mills Limited (the "Company"):

- 1 Mr. Haji Noor Mohammad
- 2 Mr. Amin Noor Mohammad
- 3 Mrs. Farida Ashraf
- 4 Mr. Abdul Rauf Mohammad
- 5 Mr. Ashraf H. Muhammad
- 6 Mr. Younas A. Aziz
- 7 Mrs. Jamila Ilyas

2. The proceedings against the respondents were initiated through show cause notice (the "SCN") dated June 28, 2016 under the provisions of section 245 read with section 476 of the Companies Ordinance, 1984 (the "Ordinance").

3. The brief facts of the case are that the Company did not file the interim financial statements ("Quarterly Accounts"/Half Yearly) for the following periods with the Commission, in a timely manner as per requirements of section 245 of the Ordinance:



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Quarter Ended	Due on	Delay (Days)
31-Sep-13	31-Oct-13	Not filed
31-Mar-14	30-Apr-14	39
30-Sep-14	31-Oct-14	63
31-Dec-14	28-Feb-15	24
31-Mar-15	30-Apr-15	Not filed
30-Sep-15	31-Oct-15	Not filed

4. Consequently, the SCN was issued to the respondents wherein 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.

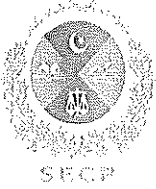
3. The hearing in the matter was fixed on July 11, 2016 however the Company vide letters dated June 09, 2016, July 30, 2016 and August 13, 2016 requested for adjournments. The requests were acceded to and hearing were re-fixed repeatedly. The final hearing was fixed on August 31, 2016 to which no response was received neither the accounts were submitted nor any information was provided with respect to the non-filing of accounts hence, this Order.

4. Before proceeding further, it is necessary to advert to the following relevant provisions of the Ordinance.

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



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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 have been delegated to the Director (Corporate Supervision Department).

5. I have analyzed the facts of the case, relevant provisions of the Ordinance, and submissions made by the respondents. Before deciding upon on 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 essence the disclosure and audit requirements of these accounts have been 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.

6. It is clear that the aforesaid Quarterly Accounts of the Company were not filed by the Company. The attitude of the respondents shows that they are not concerned with following the law which is evident from the fact that they have neither submitted a written reply to the SCN, nor have they appeared in the hearings fixed by the Commission. The aforesaid reflect a total 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. 5000 for each quarter on each



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respondents in case of delay in filing of accounts and Rs. 10,000 for each quarter on each respondent in case where accounts have not been filed. Aggregate total of the penalty imposed stands at Rs.350,000 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	30-Sep-13 (Not filed)	31-Mar-14 Delayed	30-Sep-14 Delayed	31-Dec-14 Delayed	31-Mar-15 Not filed	30-Sep-15 Not filed	31-Dec-15 Delayed	Amount in Rs.
1	Mr. Haji Noor Mohammad	10,000	5000	5000	5000	10,000	10,000	5000	50,000
2	Mr. Amin Noor Mohammad	10,000	5000	5000	5000	10,000	10,000	5000	50,000
3	Mrs. Farida Ashraf	10,000	5000	5000	5000	10,000	10,000	5000	50,000
4	Mr. Abdul Rauf Mohammad	10,000	5000	5000	5000	10,000	10,000	5000	50,000
5	Mr. Ashraf H. Muhammad	10,000	5000	5000	5000	10,000	10,000	5000	50,000
6	Mr. Younas A. Aziz	10,000	5000	5000	5000	10,000	10,000	5000	50,000
7	Mrs. Jamila Ilyas	10,000	5000	5000	5000	10,000	10,000	5000	50,000
	TOTAL	70,000	35,000	35,000	35,000	70,000	70,000	35,000	350,000

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 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.

Amina Aziz
Director (CSD)

Announced: January 13, 2017