



Corporate Supervision Department
Company Law Division

Before Abid Hussain – Executive Director (CSD)

In the matter of

Noor Silk Mills Limited

Number and date of SCN: CSD/ARN/176/2015 dated March 31, 2017
Date of hearing: April 18, 2017, May 8, 2017, February 7, 2018
Present for Respondent: None

ORDER

UNDER SECTION 495 (1) READ WITH SECTION 476 OF THE COMPANIES ORDINANCE, 1984

This order shall dispose of the proceedings initiated against Chief Executive (*the "respondent"*) of Noor Silk Mills Limited (*the "Company"*). The proceedings against the respondent were initiated through show cause notice dated March 31, 2017 (*the "SCN"*) issued under the provisions of section 495 (1) read with section 476 of the Companies Ordinance, 1984 (*the "Ordinance"*).

2. The brief facts of the case are that the respondent was directed under the provisions of section 473 of the Ordinance vide Commission's order dated March 4, 2013 under section 229 read with section 476 of the Ordinance to deposit amounts received as security deposits in a special bank account as required under section 226 of the Ordinance and to confirm the same to the Commission along with substantial evidence.

3. The chief executive of the Company failed to comply with the Commission's directions by not maintaining a special bank account for the security deposits received by the Company. Consequently, the respondent was called upon to show cause in writing as to why penal action may not be taken against him.

4. Hearings in the matter were fixed for April 18, 2017, May 8, 2017 and February 7, 2018, which were adjourned on Company's requests. No response has been received from the respondent in the matter other than requests to adjourn the hearings. Moreover, the Company has not provided any update on the deposit of amounts received as security deposits, in a special bank account despite a lapse of more than five years since the date of direction dated March 3, 2014.

5. In terms of the Commission's notification SRO 751(I)/2017 dated August 2, 2017, the powers to adjudicate cases under section 495 (1) of the Ordinance have been delegated to the Executive Director (Corporate Supervision Department).

6. I have gone through the facts of the case and have noted that the respondent has failed to submit his response to the SCN either in writing or in person. The directions to deposit the amount received as security deposits, in a special bank account were issued vide Order dated March 13, 2013 and which has not been complied with and the Company is in default to this date. I have also examined the accounts of the Company for the year ended June 30, 2017 wherein the auditors have



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qualified the auditors' report with respect to issue of security deposits and have commented that the security deposited received from lessees have not been deposited in special bank account.

7. In view of the foregoing, I am of a considered opinion the respondent has failed to rectify the default and has not complied with the direction of the Commission as stated above. I therefore impose a penalty of Rs.50,000 on the chief executive of the Company, Mr. M. Amin Noor Mohammad for non-compliance of Commission's direction despite a lapse of five years since the direction was issued.

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.

ABID HUSSAIN

Executive Director

Corporate Supervision Department

Announced:

May 31, 2018

Islamabad