



Corporate Supervision Department
Company Law Division

Before Ms. Amina Aziz – Director (CSD)

In the matter of

Saleem Denim Industries Limited

Number and date of SCN: EMD/233/229/2002-1538 dated March 3, 2015
Date of Hearing: October 21, 2015
Present for Respondent: Mr. Shahid Saleem, Director

ORDER

**UNDER SECTION 495 READ WITH SECTION 476 OF THE COMPANIES ORDINANCE, 1984
AND SRO 634(I)/2014 DATED JULY 10, 2014**

This order shall dispose of the proceedings initiated against Mr. Tahir Saleem Chaudhry, the chief executive (“respondent”) of **Saleem Denim Industries Limited** (the “Company”). The proceedings against the respondent were initiated through show cause notice (the “SCN”) dated March 3, 2015, issued under the provisions of section 495 read with section 476 of the Companies Ordinance, 1984 (the “Ordinance”) and the Commission’s SRO 634(I)/2014 dated July 10, 2014 (the “SRO”).

2. The brief facts of the case are that the Commission through the SRO directed every public listed and public unlisted company to maintain a functional website with effect from August 30, 2014 and place mandatory information thereon, as stipulated in the SRO. It was noticed that the Company had, prima facie, contravened the directions of the Commission given in the SRO by not maintaining a functional website. Consequently, the SCN was issued to the respondent whereof they were called upon to show cause in writing as to why penal action may not be taken against them under sub-section (1) of section 495 of the Ordinance for not complying with the Commission’s direction given vide the SRO.

3. As no response to the SCN was received, a hearing in the matter was fixed on July 9, 2015 through letter dated June 18, 2015. In response to the SCN, the respondent vide letter dated July 6, 2015 submitted that the Company was in process of designing and developing the website and significant progress was made in this regard. Domain name was secured and website developers were contracted who gave an estimated time of six weeks. The respondent stated that the site will be launched after its development and approval by the board. Based on the submissions the



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respondents requested for further time for compliance with the requirement of the SRO. Subsequently, through Commission's letter dated July 7, 2015, the hearing was adjourned till further notice. The hearing in the matter was finally held on October 21, 2015 and Mr. Shahid Saleem, the director of the Company appeared on behalf of the respondent. He submitted that the Company's website was launched and its accounts were uploaded on it. He requested for a lenient view in the matter.

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

In terms of the Commission's SRO 634(I)/2014 dated July 10, 2014 issued in pursuance of powers conferred by section 506 B of the Ordinance, listed companies have been directed to maintain a functional website and provide mandatory information including placement of quarterly and annual accounts and specific information relating to: (A) *profile of the company*, (B) *governance*, (C) *investors relations*, (D) *media*, (E) *election of directors*, (F) *investors information*. The aforesaid notification, inter alia, requires listed companies to place on their website:

- *Latest annual accounts at least twenty one days before holding of the annual general meeting ("AGM") and annual accounts and reports adopted by shareholders within seven days after the AGM; and*
- *Interim accounts i.e. latest available quarterly accounts as well as accounts for the last three quarters.*

The SRO further provides that *where a company does not comply or makes default in compliance with the requirements of the notification, every officer of the company and every other person responsible for non-compliance shall be punished in accordance with provisions of section 495 of the Ordinance.*

Sub-section (1) of section 495 of the Ordinance states that *where any directive is given or order is issued by the Court, the officer, the Commission, the registrar or the Federal Government under any provision of this Ordinance, non-compliance thereof within the period specified in such direction or order shall render every officer of the company or other person responsible for non-compliance thereof punishable, in addition to any other liability, with fine not exceeding fifty thousand rupees and, in the case of a continuing non-compliance, to a further fine not exceeding two thousand rupees for every day after the first*



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during which such non-compliance continues.

In terms of the Commission's notification SRO 1003 (I)/2015 dated October 15, 2015, the powers to adjudicate cases under SRO 634(I)/2014 dated July 10, 2014 read with section 495 of the Ordinance have been delegated to the Director (Corporate Supervision Department).

5. The review of website of the Company www.saleemdenimindltd.com has revealed that it has been functional and the Company has placed the following information on it:

- Annual Reports for the years ended June 30, 2014, 2013 and 2012;
- Half yearly accounts for the period ended December 31, 2014; and
- Quarterly Accounts for the period ended September 30, 2014.

However the Company has not provided other mandatory information in terms of the SRO, which, inter alia, requires the Company to place its annual report for current year and previous two years, interim accounts i.e. latest accounts as well as for previous three quarters, financial highlights for five years etc. The detailed mandatory information is required to be provided by a listed company under following heads: (A) Profile of the Company, (B) Governance, (C) Investors Relations, (D) Media, (E) Election of Directors, and (F) Investors Information. However, the Company has not yet complied with these requirements. Moreover, the Company also has not complied with the requirements of the Commission's notification SRO 684(I)/2015 dated July 15, 2015, which requires all public companies to provide website link and logo of the Commission's investor education portal "JamaPunji" on their website.

6. I have gone through the facts of the case, provisions of the Ordinance, requirements of the SRO and arguments put forth by the respondent. I am of the view that the respondent has not complied with the Commission's direction given vide the SRO as it has failed to provide the requisite mandatory information on Company's website. However, I take cognizance of the fact that after initiation of the subject proceedings, the Company has maintained a functional website and has provided some of the requisite information thereon. Therefore, in exercise of the powers conferred by the SRO and section 495 of the Ordinance, instead of imposing penalty, I hereby concluded the proceedings with a warning to the respondent to be careful in future.



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Before parting with the order, I invoke the provision of section 473 of the Ordinance and direct the board of directors of the Company to place all the mandatory information on the Company's website and fulfill other requirements in terms of the Commission's notifications SRO 634 (I) / 2014 dated July 10, 2014 and SRO 684 (I) / 2015 dated July 15, 2015 and submit a compliance certificate within 30 days from the date of receipt of this order.

I may be noted that continued non-compliance with the Commission's direction may render the respondent liable for action under sub-section (2) of section 495 of the Ordinance.

Amina Aziz
Director (CSD)

Announced:
November 24, 2015
Islamabad