



Before Ms. Amina Aziz – Director (CSD)

In the matter of

Salman Noman Enterprises Limited

Number and date of SCN: No. CSD/ARN/350/2016-774-81, dated August 31, 2016
Date of hearing: March 27, 2017
Authorized Representative: Mr. Muhammad Saeed, Company Secretary

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 **Salman Noman Enterprises Limited** (the “Company”):

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|---|-------------------------|---|----------------------------------|
| 1 | Mrs. Shamim Akhtar | 6 | Mrs. Shumaila Azeem |
| 2 | Mr. Nauman Almas | 7 | Mr. Naveed Ahmed |
| 3 | Mr. Waseem K. Haq | 8 | Mr. Shoaib A. Khan (Ex-Director) |
| 4 | Mr. Muhammad Azhar Amin | | |
| 5 | Mrs. Fareeha Pervaiz | | |

The proceedings against the respondents were initiated through show cause notice (the “SCN”) dated August 31, 2016 under the provisions of section 245 read with section 476 of the Companies Ordinance, 1984 (the “Ordinance”).

2. The brief facts of the case are that the Company did not file the interim financial statements (“Quarterly Accounts”) were not filed with the Commission in timely manner.

Quarter Ended	Due On	Filed On	Delay (days)
30-Sep-13	31-Oct-13	03-Jun-16	946

30-Sep-14	31-Oct-14	03-Jun-16	581
31-Dec-14	28-Feb-15	03-Jun-16	461
31-Mar-15	30-Apr-15	03-Jun-16	400

Consequently, the SCN was issued to the respondents whereof 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. A clarification letter was sent to the Company dated April 15, 2016 asking it to clarify why physical copies of the aforementioned accounts had not been sent to the Commission and to provide documentary evidence in support. A reply to this letter was received vide letter dated June 02, 2016. It cited that the accounts had been e-filed and placed on Company's website as well however, due to oversight physical copies could not be sent. It further quoted that the previous Company Secretary had resigned due to which there no evidence was found in this regard. The Company further said that it is enclosing the accounts with the requisite late fee and requested to condone the delay keeping in view the fact that the same had been filed electronically. However, upon enquiring from the CRO, it was found that the accounts for the quarter September 30, 2013 had been filed on 20-1-2014 however, the filing of remaining three defaulting quarters could not be traced.

4. The hearing was repeatedly adjourned and finally took place on March 27, 2017; Mr. Muhammad Saeed, Company Secretary appeared on behalf of the Company before the undersigned. He explained that the office of the Company shifted to a different location and the previous Company Secretary had also resigned due to which some record had been misplaced and the Company faced difficulties in relocating the same. He was of the view that if the quarterly accounts for the quarters Dec-13 and Mar-14 were sent on time, the remaining must also had been timely filed. He also added that the company has suspended its operations since four months and going through a turbulent phase. However, he admitted default but requested for a lenient view on the grounds that the accounts were now being timely filed.

5. 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 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.

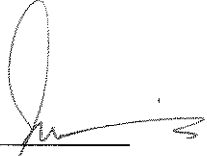
In terms of the Commission's notification SRO 1003 (1)/2015 dated October 15, 2015, the powers to adjudicate cases under section 245 have been delegated to the Director (Corporate Supervision Department).

6. I have analyzed the facts of the case, relevant provisions of the Ordinance, and submissions made by the respondents. Before deciding upon on matter, 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 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 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.

7. It is clear from the record that the Company did not file the aforesaid Quarterly Accounts in physical form with the Commission in timely manner, however, it has been submitted that information to the shareholders was provided in a timely manner. It is, however, noted the respondents has admitted oversight regarding physically filing of accounts and have since demonstrated their commitment to meet statutory filing requirement with the prescribed time. It is also noted that the Commission has not received any complaint with reference to non-receipt of quarterly accounts. I am inclined to take a lenient



view and instead of imposing fine, I hereby conclude the proceedings with a strict warning and direct the respondents to be careful in future and ensure meticulous compliance with applicable laws and directions of the Commission.



Amina Aziz
Director (CSD)

Announced:
May 09, 2017
Islamabad