

*Before*

**Abid Hussain - Executive Director/Head of Department**

*In the matter of*

**Al-Abid Silk Mills Limited**

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Date of Hearing

September 01, 2022

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**Order-Redacted Version**

Order dated June 21, 2022, was passed by Head of Department (Adjudication-I) in the matter of Al-Abid Silk Mills Limited. Relevant details are given hereunder:

Nature	Details
1. Date of Action	Show Cause Notice dated November 18, 2021
2. Name of Company	Al-Abid Silk Mills Limited
3. Name of Individual*	The proceedings were initiated against the Company and its Board of Directors
4. Nature of Offence	Under Regulation 27 of the Listed Companies (Code of Corporate Governance) Regulations, 2019 read with Regulation 37 thereof and Section 512 of the Companies Act, 2017
5. Action Taken	<p>Key findings are given as hereunder:</p> <p>I have gone through the facts of the case, considered the submissions made in writing as well as during the hearing proceedings and record placed before me. It is undisputed fact that the Respondents have not convened audit committee meetings for the year ended June 30, 2020, thereby attracting provisions of clause (i) of sub-section (2) of Regulation 27 of the Regulations. The Respondents primarily argued that they had resigned from the board of the Company in year 2016. In this regard, I have observed that the Respondents have failed to provide any evidence that could substantiate their stance and validate their resignation being presented before board of directors and accepted thereof. It is noted that the record available with the Commission shows that their names continue to appears as directors of the Company in financial statements for the year ended June 30, 2020. Moreover, the correspondence provided by the Company shows that the board in its meeting held on February 24, 2022 resolved the cessation of the Respondents being the directors of the Company and the respective Form 29 in this regard is approved by the Company Registration Office of the Commission on April 15, 2022. This shows that the Respondents were on the board of the Company during the year ended June 30, 2020</p>

and being member of board audit committee were responsible to convene the quarterly board meetings for the respective year.

It is important to highlight here that mere submission of resignation to the company is not a sufficient ground to absolve the responsibility of a person as director of the company. The resignation is required to be approved by the board of directors, in their meeting or through circulation, and from 29 reflecting this change is required to be submitted by the company with the concerned registrar of companies. The elected director if resigns from the board has to ensure that all these steps are followed and his name is formally removed as director through form 29.

I am therefore of the view that the Respondents are liable for penalty under regulation 37 read with Section 512 of the Act. In exercise of the powers conferred under aforesaid provisions of the Act, I hereby impose penalty of **Rs. 40,000 (Rupees Forty Thousand Only)** as follows:

S. No.	Name of the Respondents	Penalty (Rs.)
1.	Mr. Qamar Mashkooor, Director	20,000
2.	Mr. Muhammad Sajid Hafeez, Director	20,000
<b>Total</b>		<b>40,000/-</b>

The Respondents are, hereby, directed to deposit the aforesaid amount of penalty in the designated bank account maintained in the name of the Commission with MCB Bank Limited within thirty (30) days from the date of this Order and to furnish a receipted bank challan to the Commission forthwith. In case of failure to deposit the penalty, the proceedings under Section 485 of the Act will be initiated for recovery of the fines as arrears of land revenue. It may also be noted that the said penalty is imposed on the Respondents in personal capacity; therefore, the Respondents is required to pay the said amount from personal resources.

Nothing in this Order may be deemed to prejudice the operation of any provision of the Regulations/Act providing for imposition of penalties in respect of any default, omission or violation of the Regulations/Act.

6. Penalty Imposed	Rs. 40,000/-
7. Current Status of Order	No appeal was filed.