



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN  
Securities Market Division  
(Market Supervision & Registration Department)

Through Courier

Before The Director / HOD (MSRD)

In the matter of Show Cause Notice issued to Ecopack Limited

*Date of Hearing:*

*April 25, 2013*

*Present at the Hearing:*

*Representing Ecopack Limited:*

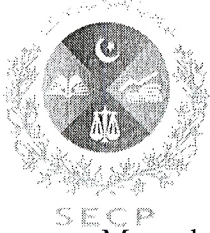
*Mr. M. Javed Panni  
CEO, MJ Panni & Associates*

*Assisting the Director/HOD (MSRD)*

*Ms. Najia Ubaid  
Deputy Director (MSRD)*

**ORDER**

1. This order shall dispose of the proceedings initiated through Show Cause Notice bearing No.1 (4) ECO/MSW/SMD/2013 dated March 26, 2013 (“SCN”) issued to Ecopack Limited (“Company”) by the Securities and Exchange Commission of Pakistan (“Commission”) under Section 22 of the Securities and Exchange Ordinance, 1969 (“Ordinance”).
2. The brief facts of the case are that the Company is a public limited company listed on the Karachi Stock Exchange Limited (“KSE”). The meeting of the Board of Directors (“BOD”) of the Company was held on February 27, 2013 at 11:30 a.m to consider the financial results for the half year ended on December 31, 2012. However, the Company communicated its financial results to the KSE at 12:33 pm on February 28, 2013, a day after the meeting of the BOD.
3. The KSE vide its letter no. KSE /C-940-1034 dated February 28, 2013 communicated the Company that its letter intimating closed period was not received timely and further informed the Company about the requirements specified in Form-7 of the Correspondence



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN  
Securities Market Division  
(Market Supervision & Registration Department)

Manual for the companies listed on KSE (“**Correspondence Manual**”) regarding sharing of the financial results with the KSE.

4. The Commission vide letter dated March 5, 2013 also required the Company to communicate reasons for delay in communicating the results; however, no response to it was received. However, the Company, in response to the KSE’s letter, vide letter dated March 11, 2013, informed the KSE that it tried to send the financial results vide fax on February 27, 2013 at 2:30 pm i.e. immediately after the board meeting, but the fax # 111-573-329 did not respond at that time and it was confirmed by Miss Saima at KSE. The letter further provides that despite of the above fact, it will take care of any delay/ non-compliance to the statutory requirements in future. Moreover, the KSE vide its letter dated March 12, 2013 communicated the Company that there is no employee with the name of Miss Saima at KSE and furthermore the fax machine was working properly on February 27, 2013.

5. In light of the above, the Commission served the SCN dated March 26, 2013 under section 22 of the Ordinance for violation of the Regulation 17 of the Listing Regulations of the KSE and required the Company to submit its written reply within ten days of the date of SCN. The Chief Executive Officer of the Company was further required to appear either in person or through an authorized representative before the undersigned on April 11, 2013.

6. The Company vide letter dated April 8, 2013 requested for extension in the date of hearing. Acceding to the Company’s request the hearing was rescheduled for April 25, 2013 and further required the Company to ensure that written response to the SCN is received in the Commission by April 23, 2013. MJ Panni & Associates (“**Representative**”) vide letter dated April 23, 2013 submitted the response to the SCN on behalf of the Company. Extracts of the Representative’s response are reproduced below:

*“The Board of Directors meeting for consideration of Half Yearly Accounts for the period ended December 31, 2012 was held on February 27 at 11.30 AM and ended at 2.30 PM.*

*As per requirements of KSE Listing Regulations, the Company had tried to send the Half Yearly Accounts through fax but inspite of repeated efforts till 3.30 PM due to some*



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN  
Securities Market Division  
(Market Supervision & Registration Department)

*technical fault, the fax could not be passed on that date. The copy of evidence showing "Paper Jam" is attached at Annexure – I. Furthermore, evidence of calls made to KSE is also placed at Annexure – II. The non-response of KSE Fax No. 111-573-239 was confirmed by the fax attendant of KSE on phone. As a result there was no option but to send the intimation by personal delivery to ensure that the letter reaches KSE next morning (28 February 2013). Due to a road mishap of our employee, the letter reached the Exchange on February 28, 2013 a bit late. The delay was as a result of unforeseen event and no ulterior motive was involved.*

*The Commission's letter dated 5<sup>th</sup> March 2013 requiring the Company to intimate reasons for delay did not come to the knowledge of the management. That's why it could not be responded. It is possible that the letter may have been misplaced by the subordinate staff at the time of receipt.*

*It has been stated in the show cause notice that information regarding announcement of half yearly accounts for the period ended December 31, 2012 was extremely price sensitive. It is submitted that the information could be price sensitive in case of blue chip companies as well as highly traded companies but definitely not in the case of Ecopack which is a small company running in losses with minimal trading in shares. We are of the view that no price sensitivity existed at the time of announcement of half yearly results.*

*From the analysis of the above information, we have the apprehension that larger trading must have been done by the stock brokers who are shareholders of the Company. There are 22 stock brokerage houses which have investment in the shares of the Company and there must be different objectives. The detail of these brokerage houses as per pattern of shareholding as on June 30, 2012 is enclosed at Annexure – III.*

*The Company has always remained compliant with KSE Listing Regulations. This has been the first instance where the Company has been served with a default notice which is regretted. We assure on behalf of the Company that such a default will not be allowed to happen in future. We pray that since the default has not been willful, it may be condoned."*

7. Hearing in the matter was held on April 25, 2013 at Commission's Office which was attended by Mr. M. Javed Panni, the Chief Executive Officer of MJ Panni & Associates on behalf of the Company.



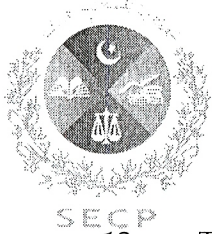
**SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**  
**Securities Market Division**  
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8. The Representative during the course of hearing reiterated the facts communicated to the Commission vide letter dated April 23, 2013. The Representative mentioned that fax machine of the Company had paper jam and accordingly the fax could not be sent. Further, he mentioned that the Company tried to contact the KSE through telephone; however the same was not attended by the KSE officials. The Representative added that it was left with no other option then to send the intimation by personal delivery, but the employee had a road mishap and the letter reached the Exchange a bit late. With reference to non response to the Commission's letter dated March 5, 2013, the Representative reiterated the response as provided vide letter dated April 23, 2013. The Representative added that as such the question of the information being price sensitive is not important, as the Company is not a blue chip company and have a number of brokerage houses as shareholders.

9. The Representative, when enquired, about the response of the Company provided to the KSE vide letter dated March 11, 2013, wherein the Company has communicated that there was some technical problem in the fax machine of the KSE and the fact was confirmed by the KSE official named "Saima", being in contradiction with the response provided by it on behalf of the Company. He responded that the Company should not have said so.

10. After a detailed and thorough perusal of the facts, evidence/information available on record, contentions and averments made by the Representative in its response dated April 23, 2013, and arguments submitted by the Representative during the course of hearing, it is established that the Company has contravened the provisions of the Listing Regulations of KSE and requirement stated in the Correspondence Manual of the KSE, made pursuant of the Listing Regulations.

11. The Commission has taken serious note of non-response to this Commission's letter dated March 5, 2013 and does not expect such laid back attitude of the Company towards the Regulator. Moreover, the Company while explaining the non-communication of the financial results in a timely manner to the KSE took contradictory stances in the comments submitted in response to the said SCN in comparison to its own letter dated March 11, 2013.



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN  
Securities Market Division  
(Market Supervision & Registration Department)


12. The Company being listed on the KSE is expected to be conversant and fully complied with the regulatory requirements. In any event, listed companies are required to ensure that any disclosure of price sensitive information should be equitable and not in a manner that compromises the investors' confidence or the fairness and transparency of the market.

13. Considering the above and in exercise of the powers under Section 22 of the Ordinance and taking a lenient view this time, I hereby impose a penalty of Rs. 25,000 (Rupees Twenty Five Thousand Only). I further direct the Company to ensure that care and caution be exercised while announcing any price sensitive information and to ensure that full compliance be made of all rules, regulations and directives of the Commission in the future for avoiding any punitive action under the law.

14. The matter is disposed of in the above manner and the Company is directed to deposit the fine in the account of the Commission being maintained in the designated branches of MCB Bank Limited not later than thirty (30) days from the date of this Order and furnish the copy of the deposit challan to the undersigned.

15. This Order is issued without prejudice to any other action that the Commission may initiate against the Company in accordance with law on matters subsequently investigated or otherwise brought to the knowledge of the Commission.



  
**Imran Inayat Butt**  
Director / HOD (MSRD)

Announced on May 06, 2013  
Islamabad.