



**BEFORE APPELLATE BENCH**

In the matter of

**Appeal No. 24 of 2006**

1. Mr. Farooq Ibrahim, Chief Executive Officer
2. Muhammad Ibrahim
3. Ms. Hameeda Ibrahim
4. Muhammad Arif
5. Mr. Abdul Qadir
6. Muhammad Arshad
7. Muhammad Anees

(Appellants 2 to 7 all directors of Annoor Textile Mills Limited)

..... APPELLANTS

Versus

Executive Director (CLD)

Securities and Exchange Commission of Pakistan

..... RESPONDENT

**ORDER**

Date of hearing

04-07-11

**Present:**

Appellants' representative:

Mr. Farhan Siddiqui .



## SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

1. This order will dispose of appeal No. 24 of 2006 filed under section 33 of the Securities and Exchange Commission of Pakistan (the "Commission") Act, 1997 against the order dated 16-12-05 (the "Impugned Order") passed by the Respondent.
2. In terms of the provisions of section 245(1) of the Companies Ordinance, 1984, (the "Ordinance"), Annoor Textile Mills Limited (the "Company") was required to prepare and transmit its quarterly accounts for the 2<sup>nd</sup> quarter ended 31-03-05 (the "Accounts") by 31-05-05 to the shareholders, stock exchanges, Registrar and the Commission. The Company submitted the Accounts on 22-06-05 with a delay of 22 days.
3. Show cause notice dated 19-07-05 (the "SCN") was issued to the Appellants for failure to submit Accounts within the stipulated time. The Appellants filed reply to the SCN and hearing in the matter was held. The Respondent, dissatisfied with the response of the Appellants, passed the Impugned Order and imposed a penalty of Rs. 30,000 on Appellant 1 and Rs. 20,000 each on Appellants 2 to 7.
4. The Appellants have preferred the instant appeal against the Impugned Order. The Appellants' representative argued that the delay in filing Accounts was not intentional but due to uncertain conditions that had prevailed in Karachi after the bomb blast at KFC Gulshan-e-Iqbal on 30-05-05. It was argued that, due to uncertain conditions in Karachi, the Company sought extension in filing of the Accounts from the Commission through letter dated 31-05-05 but received no response. The Appellants' representative requested that a lenient view may be taken as the delay was unintentional and was due to a procedural lapse; which was beyond the control of the Appellants.



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5. We have heard the Appellants' representative. Section 245 of the Ordinance is reproduced for ease of reference:

*245. [Quarterly] accounts of listed companies- (1) Every listed company shall—*

*(a) within [one month] of the close of [first, second and third quarter] of its year of account, prepare and transmit to the members and the stock exchange in which the shares of the company are listed a profit and loss account for, and balance-sheet as at the end of that [quarter], whether audited or otherwise; and*

*(b) simultaneously with the transmission of the [quarterly] profit and loss account and balance-sheet to the members and the stock exchange, file with the registrar and the Commission such number of copies thereof, not being less than three, as may be prescribed.*

*(2) The provisions of sub-sections (1) and (2) of section 241 shall apply to the half-yearly accounts.*


*(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.*



## SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

The Company filed the Accounts with a considerable delay. The plea of the Appellants is not justified as the law and order situation in Karachi after the bomb blast at KFC Gulshan-e-Iqbal on 30-05-05 had prevailed for 2-3 days only whereas the Accounts were filed on 22-06-05 after a delay of 22 days. The formalities such as printing and approval of the Accounts should have taken place latest by 30-05-05; however, in the instant case the Board of Directors meeting took place on 31-05-05. The Company's compliance record has not been exemplary; the Appellants on previous occasions had delayed holding of AGMs, submission of quarterly and half yearly accounts, which shows that the Appellants had no regard to the provisions of the Ordinance. The Respondent has already taken a lenient view by imposing penalty of Rs 30,000 on Appellant 1 and Rs 20,000 each on Appellants 2 to 7, when the maximum penalty could have been Rs 100,000 each. The Appellants shall pay the penalties from their personal resources and not from the coffers of the Company.

In view of the above, we do not find any grounds to interfere with the Impugned Order. The appeal is dismissed with no order as to cost

  
(MUHAMMAD ALI)  
Chairman

  
(TAHIR MAHMOOD)  
Commissioner (CLD)

Announced on: 12<sup>th</sup> August 2011