

Securities and Exchange Commission of Pakistan  
*Enforcement and Monitoring Division*  
7th Floor, NIC Building, Jinnah Avenue, blue Area, Islamabad

IN THE MATTER OF  
M/S REGAL CERAMICS LIMITED

No. and date of show cause notice	EMD/C.O.233/589/2002 dated May 09, 2002
Date of hearing	June 12, 2002
Present	None

Order

The facts leading to this case, briefly stated, are that M/S Regal Ceramics Limited (the “Company”) was required to prepare and transmit to the members half yearly accounts for the period ended December 31, 2001 by February 28, 2002 as required under clause (a) of Sub-Section (1) of Section 245 of the Companies Ordinance (the “Ordinance”). The Company was also required to file with the Registrar and the Commission three copies of such half yearly accounts simultaneously with the transmission to its members under Clause (b) of Sub-section (1) of Section 245 of the Ordinance.

2. The Company failed to transmit the half yearly accounts for the period ended December 31, 2001 to the members and to file the same with the Commission within the prescribed time. A notice dated May 09, 2002 was, therefore, served on the directors including the Chief Executive of the Company calling upon them to show cause in writing within seven days of the receipt of the notice as to why penalty as provided in Sub-section (3) of Section 245 of the Ordinance may

not be imposed for the aforesaid contravention. The Company and its director did not respond to the aforesaid show cause notices.

3. In order to provide an opportunity of personal hearing, the case was fixed on May 21, 2002, which at the request of the Company was adjourned and re-fixed on June 03, 2002, on which date Mr. Mohammad Iqbal, office superintendent of the Company appeared and stated that the Company was lying closed since year 2000 and all office and factory staff had been laid off. He further informed that the Chief Executive of the Company was in Karachi for the treatment of his ailing mother. A request was, therefore, made to adjourn the case to next week. Taking a sympathetic view, the case was adjourned to June 12, 2002. On the date of hearing, however, no one appeared. This leads me to believe that the Company, its directors and Chief Executive have nothing to argue in their defense. I, therefore, proceed to adjudicate this case on its merits.

4. There is no denying the fact that circulation of half yearly accounts is a requirement known to all the directors/Chief Executive and other stake holders of a listed company. The company was not functioning, is not an excuse for not circulating the half yearly accounts to the shareholders. I am of the view that in the circumstances, described above, the Company could have refrained from making or committing the aforesaid default. It was all the more easy for the directors when the Company was not functioning, to have prepared and transmitted the half yearly accounts to its shareholders. As the Chief Executive and directors have not responded to the show cause notice and also did not show up at the time of hearings, therefore, the default is considered deliberate and intentional, which attracts the provisions of Sub-section (3) of Section 245 of the Ordinance.

5. Punishment has been prescribed with the intention that the law should be observed. Keeping this in view and the fact that the Company has made this default for the first time, I am inclined to take a lenient view and, instead of imposing a maximum fine of Rs.100,000/- on every director including the Chief Executive of the Company, hereby impose a fine of Rs. 10,000 (Rupees ten thousand) on each of the directors including Chief Executive of the Company under Sub-section (3) of Section 245 of the Ordinance read with Section 476 of the Ordinance.

6. The following directors / Chief Executive of the Company are hereby directed to deposit the fine amounting to Rs. 10,000/- each (aggregating Rs. 90,000) within 30 days of the receipt of this order:

1. Mr. J. Ali. Shamsi
2. Malik Saleem Ismail
3. Mr. Aziz-ud-din Hassanali
4. Mr. Muhamamd Amin Hassanali
5. Mr. Rahim Pervaiz Ismail
6. Mr. Muhammad Amin Ismail
7. Mr. Ahmad Muhammad Hussain
8. Mr. Mahmood M. Hussain
9. Mrs. S. Ali (Noor Jehan)

7. The above said fine is to be deposited into the following head of account:

Account NO. 10464-6  
Habib Bank Limited  
Habib Bank Plaza, Shahrah-e-Quaid-e-Azam  
LAHORE.

***RASHID SADIQ***

*Executive Director (Enforcement & Monitoring)*

***Announced***  
***June 12, 2002***  
***ISLAMABAD***