

No.19 (556) CF/ISS/89-2001-II
Securities and Exchange Commission of Pakistan
Enforcement & Monitoring Division
NIC Building, Jinnah Avenue, Blue Area

Order

IN THE MATTER OF M/S UNITED DISTRIBUTORS PAKISTAN LIMITED

(IN RESPECT OF SHOW CAUSE NOTICE UNDER CLAUSE (B) OF SUB-SECTION (1)
OF SECTION 245 OF THE COMPANIES ORDINANCE 1984)

No. & date of show cause notice	No.19 (556) CF/ISS/89-2001-II dated April 25, 2001
Date of hearing	May 23, 2001
Appearance of hearing	Mr. Abdul Rahman Memon of Rahman Associates .
Date of Order	June 27, 2001

M/s. United Distributors Pakistan Limited (the "Company") was required to prepare and transmit to the members within two months of the close of the first -half of its year of account, the profit and loss account and the balance sheet as at the end of that year under cause (b) of sub-section (1) of section 245 of the Companies Ordinance, 1984 (the "Ordinance"). The Company was also required to file with the Registrar and the Commission three copies of such profit and loss account and balance sheet simultaneously with the transmission to the members.

2. The Company failed to transmit the half yearly profit and loss account and balance sheet (the "half yearly accounts") for the period ended December 31, 2000 to the members and file the same with the Commission within the prescribed time limit. A show cause notice dated April 25, 2001, was served on all directors including Chief Executive of the Company calling upon them to "show cause in writing as to why penalty as provided in Sub-Section (3) of Section 245 of the Ordinance may not be imposed on them for the aforesaid contravention."

3. In response to the aforesaid show cause notice, Mr. Abdul Rahman Memon, on behalf of the Company, its Chief Executive and directors, vide his letter dated May 11, 2001 admitted the default and submitted the following reasons for non-circulation and non-filing of half yearly accounts:

"That due to delays in audit of annual accounts for the year ended June 30, 2000 our client was unable to carry forward the closing balances as on June 30, 2000 to prepare the half yearly accounts for the period ended December 31, 2000.

That now the auditors of the company has promised to complete the audit and deliver audited accounts for consideration of the Board of directors within a week's time. Upon receipt of the draft accounts for the year ended June 30, 2000 the company can finalize the pending half yearly accounts for the period ended December 31, 2000 in another weeks time."

He further requested to condone the delay in filing of the half yearly accounts

4. On examination, the reply was found unsatisfactory. In order to provide an opportunity being heard, the directors including the Chief Executive of the Company were informed vide Commission's letter dated May 16, 2001 that a hearing in this case has been fixed on May 23, 2000. On the date of hearing, Mr. Abdul Rahman Memon appeared on behalf of the company, its Chief Executive and directors. He stated the same reasons for non-filing of half yearly accounts as were earlier submitted in his written reply to the show cause notices. He admitted the default and also requested to condone the extra ordinary delay in filing of the half-yearly accounts. It is duty of the directors that they should make serious attempts to carry out their statutory obligations. The contention that they were unable to prepare the half yearly accounts due to delay in audit of annual accounts is not a justifiable-reason for delaying the preparation and non-filing of half yearly accounts and hence is rejected.

5. Keeping in view the above stated facts, the default for non-filing of half yearly accounts is established and its considered willful. The Chief Executive and the directors have, therefore, made themselves liable under Sub-Section (3) of Section 245 of the Ordinance. However, I take a lenient view of the default and instead of imposing a fine of Rs 100,000 on every director including Chief Executive of the Company, impose a penalty of Rs 20,000/- (Rupees twenty thousands only) on each of the following directors including the Chief Executive of the company under Sub section (3) of Section 245 read with Section 476 of the Ordinance

Mr. Rashid Abdullah, Chief Executive
Mr. Arshad Abdullah, Director
Mr. Khalid Malik, Director
Mr. Tariq Ismail, Director
Mr. Muhammad Rafi Bhatti, Director
Mr. Haroon Rashid Guari, Director

6. The above named directors including the Chief Executive of the Company are directed to deposit the fine in the designated bank account maintained in the name of Securities and Exchange Commission of Pakistan with Habib Bank Limited within thirty days from the receipt of this order and furnish the receipted challan to the Commission.

(RASHID SADIO)
Executive Director

Announced
June 27, 2001
ISLAMABAD