



Securities and Exchange Commission of Pakistan
Enforcement and Monitoring Division

[Islamabad]

Before Rashid Sadiq, Executive Director

In the matter of
M/S MacDonald Layton & Company Limited

Number and date of notice	EMD/233/554/2002/4267-74 dated: January 07, 2003
Date of hearing	May 06, 2003
Present	Brig. (Retd.) N. Humayun Chief Executive/Chairman Maj. Gen. (Retd.) Shafqat Ahmed Executive Director
Date of Order	June 27, 2003

This order shall dispose of the proceedings initiated against M/S MacDonald Layton & Company Limited (the “Company”) under Section 246 of the Companies Ordinance, 1984 (the “Ordinance”) for failure to prepare and transmit the quarterly accounts to its shareholders, Stock Exchange, Registrar and the Commission.

2. The facts leading to this case, briefly stated, are that the company in terms of SRO No.764 (I) 2001 dated November 05, 2001, was required to prepare and transmit to its members, stock exchanges registrars and the commission their quarterly accounts within one month of the close of relevant quarter of their year of accounts. Accordingly, Company was required to prepare and transmit its quarterly accounts for the period ended June 30, 2002 and September 30, 2002 by July 31, 2002 and October 31, 2002 to its shareholders, stock exchanges, registrar and the Commission in contravention of the aforesaid requirement which necessitated action in terms of the aforesaid provisions of law.



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3. Consequently, a notice dated January 07, 2003 was issued to the Company, its directors and chief executive to show cause in writing as to why fine provided in Sub-section (2) of Section 246 of the Ordinance may not be imposed for making default in submission of aforesaid quarterly accounts in violation of Sub-section (1) of Section 246. In order to provide an opportunity of personal hearing to the Company and its directors, the case was fixed for April 30, 2003, which was cancelled at the request of the company and re-fixed on May 06, 2003. On the said date Brig. (R) N. Humayun, chief executive/chairman and Maj. Gen. (R) Shafqat Ahmed, director appeared and pleaded the case.

4. In their submissions in writing and at the time of the hearing it was contended that the Company is in crisis because nationalized commercial banks have illegally seized cash deposits and other securities of the company against untenable claims. The dispute between the Company and the financial institution has been going on since the last eighteen year and since that time the expenses have been met from sale of replaceable assets, recoveries from debtors and personal sources of the directors who in turn have not been paid for the last six years for their services. The accounts for the period ended June 2002 and September 2002 have been prepared, however, the auditors' of the company have refused to release them prior to settlement of their. Every effort is being made to raise some money privately or from sale of outdated equipments and it is hoped the problem will be resolved in near future, until then the Commission is requested to bear with them. They also requested that the default may be condoned keeping in view the company's financial position and its past performance with regards to compliance with the statutory requirements.

5. I have given careful consideration to the submissions advanced for failure to prepare and transmit the quarterly accounts within the mandatory time period; however, none of them justify the delay in preparation and transmission of accounts. Furthermore, the respondents could not submit any document/arguments, which



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evidenced that they have done earnest efforts to avoid this default. This led me to believe that the directors had no respect for the law and they have intentionally deprived the shareholders of their statutory right to receive the quarterly accounts of the Company. I am, therefore, constrained to believe that the Company and its directors including the Chief Executive have willfully and deliberately committed the default in preparation, circulation and filing of aforesaid quarterly accounts, which is established from the record.

6. In view of the foregoing, an action is necessary against the Chief Executive and the directors. However, taking a lenient view of the default and I hereby, impose a token fine of Rs. 20,000/- (Rupees twenty thousand only) on the Chief Executive of the Company only instead of imposing fine on all the director, which is prescribed at Rs. 1,000 per day per person.

7. The Chief Executive of the Company is directed to deposit the fine amounting to Rs. 20,000/- (Rupees twenty thousands only) in the designated bank account of the Commission within 30 days of the receipt of this order and submit a copy of the receipted challan to the Commission.

Rashid Sadiq

Executive Director (Enforcement & Monitoring)

Announced
June 27, 2003
ISLAMABAD