

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

**Before Rashid Sadiq, Executive Director**

*In the matter of*  
**M/S SYED MATCH COMPANY LIMITED**

No. and date of show cause notice	EMD/233/610/2002 dated May 17, 2002
Date of hearing	June 24, 2002
Present	Mr. Musawar Mahmood General Manager

## Order

The facts leading to this case, briefly stated, are that M/S Syed Match Company Limited (the "Company") was required to prepare and transmit to its 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, 1984 (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 file the same with the Commission. A notice dated May 17, 2002 was, therefore, served on the directors including the Chief Executive of the Company calling upon them as to why penalty as provided in Sub-section (3) of Section 245 of the Ordinance may not be imposed upon them for the aforesaid contravention. In order to provide an opportunity of personal hearing, the case was fixed on June 24, 2002. Mr. Musawar Mahmood, General Manager of the Company attended the hearing.

3. At the time of hearing, it was averred that due to closure of factory since June 2000, services of all the staff and workers were terminated and resultantly the half yearly accounts could not be prepared and transmitted. Mr. Musawar Mahmood also argued that the factory, for sometime, remained in the custody of a creditor on the order of High Court. He, however, could not produce documentary evidence to substantiate this contention. He also stated that as soon as

the factory is restarted, all the actions as required by law would be adhered to. He also requested for a lenient view of the default.

4. The circulation of half yearly accounts is a requirement known to all the directors/Chief Executive and other stakeholders of a listed company. There is no requirement that half yearly accounts should be audited. Therefore, the half yearly accounts could be prepared immediately after the close of first half of the year of accounts of a listed company. The delay in preparation of half yearly accounts also cast doubt about the proper maintenance of books of accounts of a company. The companies, therefore, must organize themselves in such a way that the half yearly accounts are presented within the prescribed time limit. None of the arguments of the Company justify the delay in preparation and circulation of half yearly accounts. I am very much concerned that the Company has also not submitted the half yearly accounts for the period ended December 31, 2000 in spite of the assurance given by the Chief Executive of the Company at the time of hearing on June 25, 2001 to ensure compliance with the statutory requirements. Under the circumstances, I do not find any merit in the contentions of the Company for delaying the preparation and circulation of half-yearly accounts. The default, therefore, is considered deliberate and intentional, which attracts the provisions of Sub-section (3) of Section 245 of the Ordinance.

5. For the foregoing reasons, the Chief Executive and directors of the Company have made themselves liable for the penalties provided under Sub-section (3) of Section 245 of the Ordinance. As Mr. Musawar Mahmood have undertaken that the Company would make immediate arrangement for preparation and circulation of half yearly accounts and that there will be no violation in future, therefore, I take a lenient view of the default 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. 25,000 (Rupees twenty five thousand) on 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. They are directed to circulate the overdue half yearly accounts and file the same with the Commission without any further delay. I hope that the Chief Executive and the directors would react positively by ensuring the compliance of law in future.

6. The Chief Executive namely Syed Abid Jawad and directors namely Haji Adam Khan, Mrs. Shaheen Abid, Haji Madar Khan, Syed Musarat Raza and Syed Hashim Jawad are hereby directed to deposit the fine amounting to Rs. 25,000/- each (aggregating Rs. 150,000) 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 date of this Order and furnish receipted challan to the Securities and Exchange Commission of Pakistan.

***RASHID SADIQ***

*Executive Director (Enforcement & Monitoring)*

**Announced**  
**June 27, 2002**  
**ISLAMABAD**