



Securities & Exchange Commission of Pakistan  
*Enforcement and Monitoring Division*

[Islamabad]

*Before Rashid Sadiq, Executive Director*

**ORDER**

*In the matter of*

**M/S Abbas Engineering Industries Limited**

(Under Sub-section (2) of section 246 of the Companies Ordinance, 1984)

Number and date of notice	EMD/233/417/2002-2051-2058 dated September 23, 2002
Date of final hearing	May 05, 2003
Present	No one appeared
Date of Order	June 27, 2003

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This is a case of violation of the provisions of Section 246 of the Companies Ordinance, 1984 (the “Ordinance”) by M/S Abbas Engineering Industries Limited (the “Company”).

2. The facts leading to this case, briefly stated, are that in terms of SRO No.764 (I) 2001 dated November 05, 2001, the Company was required to prepare and transmit to its members, stock exchanges, Registrar and the Commission its quarterly accounts for the period ended March 31, 2002 by April 30, 2002 to its members, stock exchanges, Registrar and the Commission. The failure of the Company to comply with the aforesaid requirement necessitated action in terms of the relevant provisions of law.

3. Consequently, a notice dated September 23, 2002 was issued to the Company, its directors and Chief Executive to show cause in writing as to why fine as provided in Sub-section (2) of Section 246 of the Ordinance may not be imposed on them. The Company responded to the aforesaid show cause notice vide its letter dated October 08, 2002. In order to provide an opportunity of hearing, the case was fixed on May 05, 2003. However, no one appeared on behalf of the Company or its directors in these proceedings. A letter was, however, received from the Company Secretary on the date of hearing wherein it was stated that the Company has been de-listed from the Karachi and Lahore Stock Exchanges. It was also requested to exempt the directors and the Chief



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Executive from personal appearance and to drop the proceedings initiated under the aforesaid show cause notice. In the circumstances, I proceed to decide this case on the basis of the submissions contained in reply to the show cause notices and the material available on record.

4. In the written submissions, Mr. Habibullah, the General Manager Finance on behalf of the Chief Executive and other directors has submitted that the Company had already submitted the quarterly accounts for the quarter ended March 31, 2002 to the Commission on April 30<sup>th</sup>, 2002. The copy of the accounts for the quarter ended March 31, 2002 was also provided in support of the argument. It was further submitted that the status of the Company has changed from the listed company to the non-listed company. In view of these submissions, the matter was taken up with the Company Registration, Karachi and the Lahore and Karachi Stock Exchanges, which confirmed that the Company had not submitted the accounts for the quarter ended March 31, 2002, which were due on April 30, 2002. Based on the aforesaid confirmations, I have come to the conclusion that the contentions of the Company do not carry any merit and the Company has made default in transmitting the quarterly accounts to the shareholders, stock exchanges, the Registrar and the Commission. As regards to the submission that the Company has since been de-listed, it has been noticed that the Karachi and Lahore Stock Exchange de-listed the Company on October 21, 2002 and April 30, 2003 whereas, the defaults pertains to the period ended March 31, 2002 when the Company was listed on stock exchanges. The mandatory provisions of the Ordinance, therefore, were applicable on the Company when the default was committed.

6. In view of the above and after careful consideration of the circumstances of this case, I am convinced that the Chief Executive and the directors have avoided complying with the requirements of law intentionally and deliberately. They have, therefore, made themselves liable for fine as provided under Sub-section (2) of Section 246 of the Ordinance. The Company has, however, submitted its quarterly accounts for the period ended March 31, 2002 along with reply to the show cause notice, through it has still failed to transmit the same to its members, stock exchanges and Registrar as per the requirements of the provisions of law. The default, therefore, is considered deliberate and willful. However, since the Company stands de-listed subsequently, I am, therefore, inclined to take a lenient view of the default and impose a token penalty of Rs. 10,000/- (Rupees ten hundred only) on the Chief Executive of the Company and no fine is imposed on the other directors of the Company.



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7. The Chief Executive of the Company is hereby directed to deposit the fine amounting to Rs. 10,000/- in the 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**