



Securities & Exchange Commission of Pakistan
Enforcement and Monitoring Division
NIC Building, Jinnah Avenue, Blue Area, Islamabad

Before M. Zafar-ul-Haq Hijazi, Commissioner (E &M)

In the matter of
M/S ZEAL PAK CEMENT FACTORY LIMITED

Number and date of show cause notice
under Section 245 (for late-filing of accounts
for the half year ended 31.12.2000)

No. 19(164)CF/ISS/2001
August 21, 2001

No. and date of show cause notice
under Section 246 (for non-filing of quarterly
accounts for the quarter ended 30.06.2002)

EMD/233/388/2002/2234-2242
October 01, 2002

Date of hearing

July 31, 2003

Present

No one appeared

Order

This Order shall dispose of the proceedings initiated against M/S Zeal Pak Cement Factory Limited (hereinafter referred to as the “Company”) and its directors for default made in complying with the provisions of Sub-section (1) of Section 245 and Sub-section (1) of Section 246 of the Companies Ordinance, 1984 (the “Ordinance”).

2. The underlying facts of this case briefly stated are that the Company was required to prepare and transmit to the members and simultaneously file with the Commission half yearly accounts for the period ended December 31, 2000 on or before February 28, 2001 which it filed with a

delay of nineteen days on March 19, 2001. Besides, the Company was also required to prepare and file with the Commission, simultaneously transmitting to the members, quarterly accounts for the period ended June 30, 2002 on or before July 31, 2002, in which it failed. Consequently, two show cause notices of even numbers dated August 21, 2001 and October 01, 2002 were issued to the Company, its Chief Executive and directors calling upon them to show cause in writing as to why penalties as provided under Sub-section (3) of Section 245 and Sub-section (2) of Section 246 of the Ordinance may not be imposed upon them for the aforesaid contraventions.

3. The Chief Executive and the Secretary of the Company vide their letters dated September 03, 2001 and October 11, 2002 respectively, replied to the aforesaid show cause notices. The Chief Executive contended that the Commission, realizing the problems faced by the Company in preparation of annual accounts for the year ended June 30, 2000, allowed extension in holding of annual general meeting for the Calendar year 2000 upto February 28, 2001. The delay in finalization of annual accounts for the financial year 2000 resulted in delay in accounts for the half year ended December 31, 2000 because the corresponding figures in the half yearly accounts were required to be taken from the annual accounts for the financial year 2000. Mr. Abdul Latif Uqaili, director nominee Investment Corporation of Pakistan contended that he has resigned from the Board of director of the Company, which was intimated to the Commission vide letter dated April 02, 2001. Mr. Firasat Ali, Head of Corporate Governance of National Investment Trust (“NIT”) on behalf of Mr. Shamsuddin Khan, director nominee NIT, contended that neither Mr. Khan enjoy any beneficial ownership nor perform any executive role on the Board in running the

affairs of the company, therefore the nominee director may be taken out from the show cause notice. In respect of non-filing of quarterly accounts, the Company Secretary contended that the management expected to circulate its annual audited accounts for the year ended September 30, 2002 by December 31, 2002 but unfortunately due to labor unrest all the staff including accounting department was engaged therewith, therefore the annual accounts could not be circulated within three months. Moreover, break out of fire in the factory and illness of two of the finance staff added to the problems. He further contented that Mr. Skandar Ali Jatoi has resigned from the Board, for which a copy of form 29 was submitted. The replies were examined and not found satisfactory therefore, in order to give opportunity of personal hearing to the respondents, the case was fixed a number of times, which had to be adjourned on one pretext or other by the respondents. The case was finally fixed on August 12, 2003 but no one appeared to defend the case.

4. Taking into account all the relevant facts and circumstances of this case and the past record of the Company, I feel that the defaults under Section 245 and Section 246 were intentional and willful. However, keeping in view that the management has been regular in holding annual general meeting and filing of half yearly accounts in the past and has also filed fourth quarterly accounts on November 01, 2002, I am inclined to take a lenient view of the default and impose a fine of Rs. 10,000/- only on the Chief Executive of the Company for late filing of half yearly accounts. The other directors of the company are condoned taking a lenient view and are issued strict warning for ensuring the compliance of all the provisions of law especially circulation and filing of quarterly accounts in future. In view

of abolishment of the requirement of preparation and circulation of fourth quarter accounts vide Companies (Amendment) Ordinance, 2002, a lenient view is being taken with regard to the default pertaining to quarter ended June 30, 2002 and no penalty is being imposed for that default.

5. The Chief Executive of the company is directed to deposit the fine imposed upon him 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.

M. Zafar-ul-Haq Hijazi
Commissioner (Enf)

August 19, 2003
ISLAMABAD