



Corporate Supervision Department
Company Law Division

Before Ms. Amina Aziz – Director (CSD)

In the matter of

Goodluck Industries Limited

Number and date of SCN: EMD/233/566/2002-1140 dated January 16, 2015
Present: Mr. Sardar Shahid Farid, FCA, Authorized Representative

ORDER

**UNDER SUB-SECTION (3) OF SECTION 245 READ WITH SECTION 476 OF THE
COMPANIES ORDINANCE, 1984**

This order shall dispose of the proceedings initiated against the following directors including chief executive (together referred to as “respondents”) of **Goodluck Industries Limited** (the “Company”):

1	Mr. Ashfaq Haji Hashim	2	Mr. Haji Moosa Haji Kassam
3	Mr. Salim Rehmatullah Dada	4	Mr. Mohammad Abbas Memon
5	Mrs. Hoor Bano	6	Mr. Shams-ul-Haque
7	Mr. Shams-uz-Zoha	8	Mr. Muhammad Hanif

These proceedings were initiated through show cause notice (the “SCN”) dated January 16, 2015, under the provisions of sub-section (3) of section 245 read with section 476 of the Companies Ordinance, 1984 (the “Ordinance”).

2. The brief facts of the case are that as per record, the Company did not file the interim financial statements (“Quarterly Accounts”) for the following periods with the Commission, as per requirements of section 245 of the Ordinance:

Sr. No.	Quarter Ended	Due Date
1	31-Mar-13	30-Apr-13
2	30-Sep-13	31-Oct-13
3	31-Dec-13	28-Feb-14
4	31-Mar-14	30-Apr-14
5	30-Sep-14	31-Oct-14

Consequently, the SCN was issued to the respondents whereof they were called upon to show cause in writing as to why penal action may not be taken against them under sub-section (3) of



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section 245 of the Ordinance for not filing the aforesaid Quarterly Accounts in terms of the law. In response to the SCN the respondents vide letter dated January 23, 2015 submitted that the Quarterly Accounts for the aforesaid periods could not be submitted with the Commission due to inadvertent omission and the oversight was not done knowingly or willfully. The Quarterly Accounts were properly available on the website of the Company. The aforesaid Quarterly Accounts were also submitted along with the letter and a lenient view was requested.

3. The case was fixed for hearing on September 15, 2015 and the respondents were represented by Mr. Sardar Shahid Farid, FCA, who made verbal submissions and reiterated the respondents' earlier written stance. He further stated that the Quarterly Accounts were placed on the website of the Company and were submitted to the Karachi Stock Exchange ("KSE") in a timely manner. He provided letters of dispatch of Quarterly Accounts to the KSE with receiving stamps as evidence of timely submission. He admitted the default in filing of the Quarterly Accounts with the Commission stating that it was inadvertent and may please be condoned. Subsequently, upon confirmation from the respective Companies Registration Office ("CRO"), it transpired that the aforesaid Quarterly Accounts were also not e-filed by it. Moreover, in response to the Commission's queries, the Company vide letter dated October 2, 2015 submitted that it has maintained the website in compliance with requirements of SRO 634(I)/2014 and Quarterly Accounts have been placed on it, however, no permission from the Commission was obtained for transmission of the quarterly accounts to members through website in lieu of circulation of physical copies to shareholders. The Company also did not provide evidence of circulation of the Quarterly Accounts to shareholders despite requisition.

4. Before proceeding further, it is important to mention that in terms of Sub-section (1) of section 245 of the Ordinance all listed companies are, inter alia, required to file their quarterly accounts with the Commission within stipulated time.

Sub-section (3) of section 245 of the Ordinance provides as under:

"If a company fails to comply with any of the requirements of this section, every director, including chief executive and chief accountant of the company who has knowingly by his act or omission been the cause of such default shall be liable to a fine of not exceeding one hundred thousand rupees and to a further fine of one thousand rupees for every day during which the default continues."



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In terms of the Commission's notification SRO 154 (I)/2015 dated February 19, 2015, the powers to adjudicate cases under section 245 (3) have been delegated to the Director (Corporate Supervision Department).

5. I have analyzed the facts of the case, relevant provisions of the Ordinance, and submissions made by the respondents. The aforesaid provisions of the law are clear and explicit. A listed company is required to file its quarterly accounts within the stipulated time that is one month from the close of first and third quarters and two months from the close of second quarter. The requirement to circulate interim was introduced so that the shareholders could have timely access to information about the affairs of companies. Keeping in view the fact that timing of interim financial statements is of essence the disclosure and audit requirements of these accounts have been kept to a bare minimum. Interim financial statements prepared properly and in a timely manner not only provide to its users a reliable source of information regarding a company's financial position and performance but these also show the results of management's stewardship of resources entrusted to it. In order to ensure transparency, all the companies must meticulously follow the legal requirement for preparing and circulation of interim accounts. In addition to their responsibility of overseeing and managing affairs of the Company, directors also have fiduciary duties towards the Company and its shareholders. They are, therefore, liable to a higher level of accountability which requires them to be vigilant and perform their duties with care and prudence. It is responsibility of the directors to oversee the functioning of the company, to keep it appropriately staffed and organized to ensure due compliance of law. Directors of a listed company while filing their consent to act as a director, inter alia, give an undertaking that they are aware of their duties under the Ordinance and that they have read the relevant provisions contained therein. It is mandatory for the directors of a listed company to have knowledge of provisions of applicable laws and in terms of the Ordinance the directors are primarily responsible for approval of accounts. The respondents' cannot absolve themselves of their statutory duties and preparing, filing and circulation of annual and quarterly accounts are amongst their prime responsibilities towards the shareholders. The respondents not only failed to file the Quarterly Accounts with the Commission but also did not e-file the same with the respective CRO.

6. It is clear from the record that the Company neither filed the aforesaid Quarterly Accounts in physical form with the Commission nor those were e-filed with the CRO, in a timely manner.



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However, the Company placed the Quarterly Accounts on its website and also disseminated those to the KSE in a timely manner. Therefore, considering the facts of the case and otherwise satisfactory compliance history of filing of accounts with the Commission, instead of imposing maximum fine on all the respondents, I hereby impose a token fine of Rs10,000/- (Rupees ten thousand) only on the chief executive of the Company. Other respondents are hereby warned to be careful in future and ensure meticulous compliance with provisions of section 245 of the Ordinance.

The aforesaid fine must be deposited in the designated bank account maintained with MCB Bank Limited in the name of the "Securities and Exchange Commission of Pakistan" within thirty days from the receipt of this order and receipted bank vouchers must be furnished to the Commission. In case of failure of the respondent to deposit of the fines, proceedings for recovery of the fines as arrears of land revenue will be initiated. It may also be noted that the aforesaid fine is imposed on the chief executive in his personal capacity; therefore, he is required to pay the said amount from personal resources.

Amina Aziz
Director (CSD)

Announced:

October 6, 2015
Islamabad