



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
(Securities Market Division)

No. SMD/SE/2(172)/2008

August 13, 2010

Mr. Adnan Afridi
Managing Director,
Karachi Stock Exchange (G) Limited,
Stock Exchange Building,
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Mr. Ahmed Hasan,
Acting Managing Director/ Chief Regulatory
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Mr. Imtiaz Haider,
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ISE Towers,
Jinnah Avenue, Blue Area
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Subject: Suspension of Trading in Shares of Companies under Section 9(7) of the Securities and Exchange Ordinance, 1969

Dear Sir(s),

It has been observed that a significant number of listed companies in violation/ non-compliance of the Listing Regulations or laws administered by the Securities and Exchange Commission of Pakistan (SECP) are either quoted on the Ready Counter or placed on the Defaulters' / Non-Compliant Segment of the stock exchanges.

The SECP while taking cognizance of the above had requested the stock exchanges for detailed information with respect to the nature of default(s)/ non-compliance(s) of the companies already placed on their respective Defaulters' Segment, Non-Compliant Segment and the companies to be placed thereon.

Subsequently, the SECP conducted a comprehensive exercise for reviewing the status of default(s) of these non-compliant listed companies, which revealed that trading in shares of various companies is continuing despite the fact that among other defaults, winding-up petitions have been filed and/ or liquidator appointed or these companies have failed to hold Annual General Meetings (AGM) for a continuous period of three years.

It needs to be appreciated that companies in continuous default of the Listing Regulations of the stock exchanges and other laws administered by the SECP not only pose a serious threat to the development of a robust capital market but also inhibit investors' confidence through lack of transparency. Such companies while giving impression of a broad based Pakistani capital market do not fairly reflect depth in the market and distort functioning of the stock exchanges as true barometers of the economy.

While capital markets play a crucial role in efficiently channeling financial resources to productive uses, the non-compliant companies under winding-up or liquidation, by remaining listed/ available for trading at the stock exchanges defeat the very purpose of listing and prove detrimental to the investors' interest. In majority cases, such defunct companies attract uninformed investors depriving them return on their investment and in some cases even the principal amount.

1. Therefore, the SECP in exercise of its powers under Section 9(7) of the Securities and Exchange Ordinance, 1969 in the best public interest, for the protection of investors and to effectively implement the decisions taken in the Commission's 2nd meeting of 2010, hereby orders suspension



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of trading in the shares of companies presently under liquidation, winding-up or having failed to hold AGMs for a continuous period of three years (List enclosed as Annexure 'A'), at the stock exchange(s) on which the same are listed w.e.f. August 16, 2010 for a period of 60 (sixty) days or till further orders by the SECP.

Moreover, it has been observed that trading in a number of companies specifically in violation/default due to liquidation, winding-up or non-holding of AGM is suspended only at the Karachi Stock Exchange (KSE) while trading in shares of the same companies is continuing at the Lahore Stock Exchange (LSE) and/ or the Islamabad Stock Exchange (ISE), wherever the same are listed. In order to address this anomaly, in the best public interest, the LSE and ISE under Section 9(7) of the Securities and Exchange Ordinance, 1969 are hereby also ordered to suspend trading in shares of companies having such default(s) that are listed at the respective stock exchanges but not presently under suspension of trading (List for LSE enclosed as Annexure 'B' and for ISE enclosed as Annexure 'C') w.e.f. August 16, 2010 for a period of 60 (sixty) days or till further orders by the SECP.

2. Further, in order to ensure that no off-market transaction takes place/ is reported in the shares of a company during the period of suspension of trading in its shares, the stock exchange(s) at which trading of the company is suspended shall ensure that w.e.f. August 16, 2010 availability of the Off-Market Transactions Interface provided to their respective members for all suspended companies is also restricted.

It may also be noted that effective August 16, 2010 onwards the stock exchange(s) along with disseminating any notices of suspension of trading in shares to the concerned company as being done presently, shall also be required to immediately disseminate such notices to the relevant Share Registrar/ Transfer Agent. Further, the KSE and ISE are also advised to adopt the practice followed by the LSE, whereby a list of companies in which trading is suspended along with the causes of such suspension should be made available on their respective websites for access by the general public.

Please feel free to contact the undersigned for any further information/ clarification.

Yours truly,


Akif Saeed
Executive Director (SM)

Cc: Chief Executive Officer, Central Depository Company of Pakistan Limited
Chief Executive Officer, National Clearing Company of Pakistan Limited

Companies to be Suspended at all the stock exchanges

Sr. No.	Name	Status
1	First Interfund Modaraba	Wound up on 11-11-08 by the Modaraba Tribunal, Karachi.
2	Rashid Textile Mills Limited	The High Court of Sindh vide its decision on 23.2.2004 passed an order for winding up of the Company and appointed Mr. Mahfooz Yar Khan, Advocate as Official Liquidator.
3	Siftaq International Limited	Winding up ordered 15.06.06
4	Itfi Textiles Limited	The Company has been dissolved on 22.4.2004.
5	Amazai Textile Mills Limited	Honourable Peshawar High Court has ordered winding up and appointed Mr. Moinuddin Hamayun, Advocate as Official Liquidator.
6	Fazal Vegetable Ghee Mills Limited	High Court of Lahore Rawalpindi Bench has passed winding up orders of the Company on 20.3.2006 in C.O No 6/2004 and appointed official liquidator of the Company.
7	Pak Ghee Industries Limited	High Court of Lahore has passed winding up orders of the Company on 14.2.2007 in C.O No 27/2006 and appointed official liquidator of the Company.
8	Extraction (Pakistan) Limited	Mr. Abid Tirmizi has been appointed as official liquidator.
9	Valika Woollen Mills Limited	Winding-up by Order of the Court dated Sept 3, 2004.
10	Medi Glass Limited	Mr. Adil Nisar Khan appointed as official liquidator.
11	Mineral Grinding Mills Limited	On Dec 31, 2003 an Order was passed by the Commissioner (CLD) to initiate winding-up proceedings against the Company as the Company has not held its AGMs since 1999 and has also suspended its business for more than four years. The Honourable High Court of Sindh has appointed Official Liquidator to sale out the asset of the Company.
12	Abson Industries Limited	Liquidator appointed on 30-5-2000.
13	Hala Spinning Mills Limited	International Finance Corporation (IFC) filed winding-up petition. The LHC vide Order No. 26 of 1996 decided that the Company be wound up compulsorily. Court appointed the Joint Official Liquidators. The Management of the Company filed an appeal in the Supreme Court of Pakistan CMA No. 1517 of 1999 in Civil Appeal No 1528 of 1999 which is pending before the Court of Law
14	Universal Oil & Vegetable Ghee Mills Limited	The Company has been dissolved vide court order dated 24-10-2005
15	Saif Nadeem Kawasaki Motors Limited	Winding up petition u/s 305 and 309 was filed in 2003 and is pending for adjudication in the Peshawar High Court Bench, at Abbotabad.
16	Prudential Stock Fund Limited	An order for winding-up of the company was issued on May 20, 2008. Winding-up order was challenged by the company, petition pending in Court for decision.
17	Quality Steel Works Limited	Beside imposing penalty of around 3 million, under Section 158, 171 and 245, Winding up Order has also been passed by the Commission and petition for winding up the Company is filed in the Sindh High Court.
18	English Leasing Limited	Winding-up Petition filed in May 2008.
19	First Dadabhoy Modaraba Limited	Petition for winding up has been filed before the Modaraba Tribunal, Karachi.
20	Sunshine Cotton Mills Limited	The company filed winding up petition in the Lahore High Court which is pending for further proceedings
21	Sadoon Textile Industries Limited	Under winding up. Petition filed.
22	Taxila Engineering Limited	Winding up petition filed in PHC. The case is pending decision.
23	Qayyum Spinning Mills Limited	Company had filed petition in the High Court of Sindh on April 16, 2004 for its winding up by the Court.

24	Hakkim Textile Mills Limited	Winding up petition filed.
25	Suraj Ghee Industries Limited	GCP filed a creditors liquidation petition (C.O No. 121/94) in the Lahore High Court. The liquidation proceedings are under process.
26	Macdonald Layton and Company Limited (M.L.C.)	The Company has failed to hold its AGM for the year 2003, 2004, 2005, 2006, 2007, and 2008. Under proceedings of section 158, 245 and 170.
27	Hallmark Insurance Company Limited	The Company had failed to hold its annual general meeting for the year 2006 and 2007. The Company has suspended its operations since 2003. The Company submitted its accounts for the year ended December 31, 2007. Order passed under Section 245 for non filing of quarterly accounts for the quarter ended March 31, 2008 but the Company is not responding now. Notices issued for violation of section 156, 205, 242 of the Companies Ordinance 1984. The Company has been ceased from underwriting new insurance business.
28	Ittefaq General Insurance Company Limited	The Company did not submit Annual Audited Accounts for year ended 2008 and Notice of AGM for the AGM of said year. The Company did not file accounts for first, second and third quarter of year 2008. The Company is in continued default with respect to the requirement of Capital and Statutory Deposits under the Insurance Ordinance, 2000. The Company is ceased to underwrite new insurance business. The Company was issued a directive to cease entering into new contracts of insurance business on 1st January, 2003. The Commission has also served a three months notice for the initiation of winding up under Section 143(2) (c) of the Insurance Ordinance as the Company has failed to submit its annual & quarterly accounts for the last five years.
29	Prudential Discount & Guarantee House Limited	Winding-up Petition was filed in 2002. Presently the winding-up petition of the company is pending adjudication before the Honorable Islamabad High Court.
30	Tri-Star Power Limited	The petition of winding up was presented on 18.9.2009 by Additional Registrar of Companies before the High Court of Sindh.
31	Kashmir Polytex	Violation of section 158, 245 of the Companies Ordinance, 1984. Annual returns (form A) not filed since 2006, form 29 not filed since 2000. Company kind is AJK listed company i.e. foreign company.

Annexure B

Companies to be Suspended at LSE which are already suspended at the other stock exchanges

Sr. No.	Name	Status
1	Zahur Textile Mills Limited	The Company failed to hold its AGM for year ending 2005, 2006 and 2007.
2	Ayaz Textile Mills Limited	Violation of Section 158, 245, 309 of Companies Ordinance, 1984 Penalties of Rs.410,000 imposed, Winding up petition filed.



Companies to be Suspended at ISE which are already suspended at the other stock exchanges

Sr. No.	Name	Status
1	Prudential Investment Bank Limited	Winding-up Petition was filed in 2003. The winding-up petition of the company was dismissed by the Honorable Lahore High Court-Rawalpindi Bench in September 2005. An Intra Court Appeal (ICA) against the dismissal of the petition was filed by the SECP and the same is presently pending adjudication. The matter was last fixed for before the Honorable Islamabad High Court in May 2009. ICA against dismissal of winding-up petition is pending adjudication.
2	Schon Modaraba	Official Liquidator appointed by the Modaraba Tribunal, Karachi. Under liquidation for more than three years.
3	Pak Northern Insurance Company Limited	Company was not granted the certificate of registration under the Insurance Ordinance, 2000. The company was ordered for winding up on May 21, 2004 and Additional Registrar of Sindh High Court was appointed as an official liquidator. The company filed an appeal in Supreme Court of Pakistan which was dismissed on December 06, 2006 as no one appeared on behalf of the Company.
4	Taga Pakistan Limited	Forms A from 2004 to date have not been filed as required u/s 156 of the Companies Ordinance, 1984. AGM for the said years have neither been held nor has the company laid before the members Annual audited accounts. Election of Directors as required under Sec 176, 177, 178 & 180 of the Companies Ordinance, 1984 has not been reported to be held. Winding up petition was filed. Winding-up by Order of the Court dated May 5, 2004
5	National Fibres Limited	Winding up petition filed in SHC. The matter is pending for decision.
6	Tri-Star Shipping Lines Limited	Shareholders filed winding up petition J.M. No. 58 of 2002 in the High Court of Sindh, Karachi. Winding up order passed on March 8, 2003 and Official Liquidator was appointed.
7	Kohinoor Edible Oils Limited	SECP had filed winding up petition in the Lahore High Court u/s. 305 of the Ordinance and winding up order against the company was passed ex-parte on 07-3-2005. The company moved application for setting aside the ex-parte award claiming relief under the Companies Regularization Scheme (CRS). However the SECP has filed a reply in Court that being a public listed company, Kohinoor Edible Oils Ltd. is not eligible for CRS.

