



Securities and Exchange Commission of Pakistan

BEFORE APPELLATE BENCH NO. IV

In the matter of

Appeal No. 14 of 2014

- (i) Mr. Muhammad Idrees Haji Ebrahim Chief Executive
(ii) Mr. Saeed Uddin Hamieed Uddin, Director
(iii) Mr. Muhammad Arif Abdullah, Director
(iv) Mr. Abu Talib Muhammad Yunus, Director
(v) Mr. ZainulAbedin Muhammad Yunus, Director
(vi) Mr. Adnan Muhammad Ahmed, Director
(vii) Mr. Abdul Wahid Umer, Director
of M/s Karim Cotton Mills Limited ...Appellants
Versus

Director (Enforcement), Securities and
Exchange Commission of Pakistan ...Respondent

Date of Hearing 11/11/15

Present:

For the Appellants:

Mr. M. Idrees H. Ebrahim, Chief Executive Officer, Karim Cotton Mills Ltd

For the Respondent:

Ms. Amina Aziz, Director (CSD)

ORDER

1. This order is in appeal No. 14 of 2014 filed under section 33 of Securities and Exchange Commission of Pakistan Act 1997 against the Order dated 28/02/14 (Impugned Order) passed by the Respondent. The appeal was fixed for hearing

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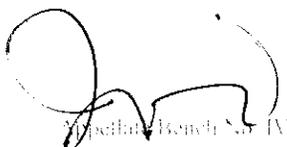


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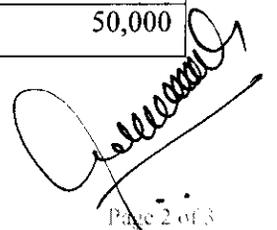
previously on 18/08/15, however, no one appeared on behalf of the Appellants on the said date and an ex-parte order was passed against the Appellants on 19/08/15. Subsequently, application for restoration of appeal was made by the Appellants vide letters dated 22/08/15 and 26/08/15. Application for restoration of appeal was accepted by the Appellate Bench and the appeal was re-fixed for hearing on 11/11/15.

2. Brief facts of the case are that Karim Cotton Mills Limited (Company) failed to hold member's annual general meeting (AGM) and submit its annual accounts for the year ended 30/06/12 with the Commission. Therefore, proceedings were initiated by the Respondent under section 158(4) of the Companies Ordinance 1984 (Ordinance) vide show cause notice dated 14/05/13 (SCN) against the Appellants. The SCN was issued to all directors and chief executive of the Company for not complying with the mandatory provisions of section 158 of the Ordinance. Mr. Muhammad Idrees Haji Ibrahim (Appellant No.1) Chief Executive of the Company appeared in personal hearing proceedings on 11/09/13 and admitted the default.
3. After examination of the facts, evidences and documents on record, the Respondent held that the Appellants have breached their fiduciary duty by non-holding of the Annual General Meeting (AGM) for the financial year ended on 30/06/12 within the stipulated time as provided in Section 158 of the Ordinance.
4. In view of the above, the Respondent imposed fine on the Appellants by invoking the provisions of Section 158 of the Ordinance in the following manner:

Names of Appellants	Default AGM 2012 (Fine in Rupees)
Mr. Muhammad Idrees Haji Ibrahim	50,000
Mr. Saeed Uddin Hameed Uddin	50,000
Mr. Muhammad Arif Abdullah	50,000
Mr. Abu Talib Muhammad Yunus	50,000
Mr. Zain ul Abedin Muhammad Yunus	50,000


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Mr. Adnan Muhammad Ahmed	50,000
Mr. Abdul Wahid Umer	50,000
TOTAL	350,000

5. The Appellants have preferred the instant appeal against the Impugned Order. The Appellants' representative accepted the default at the hearing and requested the Appellate Bench to take a lenient view and set aside the penalty. The Appellants' representative took the undertaking the Company will ensure strict compliance of the laws in future. The Respondent had no objection to the above-mentioned plea of the Appellant. The said default has been rectified and AGM for the year ended 30/06/12 has been held by the Company on 18/06/14.
6. The Appellants have accepted the default and assured this Bench that strict compliance of section 158 of the Ordinance will be ensured in future. In view of the above, we take a lenient view and set aside the Impugned Order to the extent of penalty and warn the Appellants to be careful in future.
7. Parties to bear their cost.

(Fida Hussain Samoo)
Commissioner (Insurance)

(Zafar Abdullah)
Commissioner (SCD)

Announced on: **19 NOV 2015**