

Securities and Exchange Commission of Pakistan

BEFORE THE APPELLATE BENCH

In the matter of

Appeal No. 85 of 2019

- i. Ehmer Iqbal
 - ii. Rais Umair Habib Ahmed
 - iii. Muhammad Ubaid Ahmed
 - iv. Adnan Ullah Tauseef Ahmed
 - v. Mubashara Khan Ahmed
 - vi. Amir Hussain Kazmi Ahmed
 - vii. Mubashar Mehmood Abbasi
- (All Directors of Drekkar Kingsway Limited)

...Appellants

Versus

Executive Director, Securities and Exchange Commission of Pakistan

...Respondent

Date of Hearing: 04/02/21

Present:

For the Appellant:

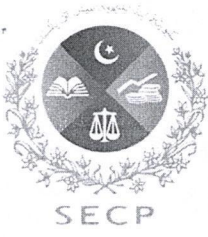
Barrister Omar Malik

For the Respondent:

- i. Mr. Amir Saleem, Joint Director (Adjudication-1)
- ii. Ms. Zohra Sarwar Khan, Joint Director (Adjudication-1)

ORDER

1. This Order is passed in Appeal No.85 of 2019 filed under section 33 of the Securities and Exchange Commission of Pakistan Commission Act, 1997 against the order dated 09/10/19 (the Impugned Order) passed by the Executive Director (Corporate Supervision Department) (the Respondent).
2. The brief facts of the case are that review of financial statements of Drekkar Kingsway Limited (the Company) for the year ended 30/06/17 transpired that the Company holds 95.5%



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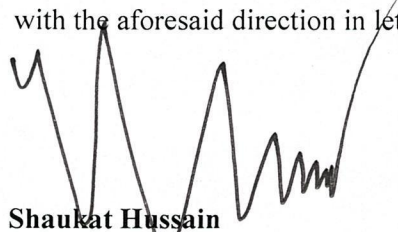
shareholding in its subsidiary namely; Invest Forum (Private) Limited (the Subsidiary Company). However, despite being the holding company, the Company failed to attach consolidated financial statements of the group presented as those of a single enterprise.

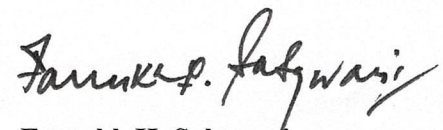
3. The Show Cause Notice dated 03/10/18 (the SCN) was issued to the Board of Directors of the Company (the Appellants) under section 228 read with section 479 of the Companies Act 2017 (the Companies Act) indicating the aforesaid grounds. Furthermore, the Company was provided with opportunities of hearing on 26/11/18, 17/12/19 and 27/03/19, however, no person appeared on the aforementioned dates. Mr. Zahir Shah (the Authorised Representative) vide his letter dated 28/03/19 sought adjournment and requested further time for providing written submissions in response to the aforesaid SCN. However, despite providing ample time, the Appellants did not provide any submissions. Final opportunity of hearing was provided to the Appellants on 04/07/19. The Authorized Representative appeared on the said date seeking adjournment which was acceded to, however, the Appellants failed to provide any further submissions thereafter.
4. The Respondent dissatisfied with the response of the Company held that provisions of section 228 of the Companies Act has been contravened by the Appellants and are liable for penal action as stipulated under the Companies Act. Therefore, in exercise of powers conferred under aforesaid provisions of the Companies Act, a penalty of Rs 10,000 was imposed on each of the Appellants with the total amounting to Rs 70,000.
5. The Appellant preferred the Appeal *inter alia* on the grounds that the Impugned Order is not maintainable as the entire record of the Subsidiary Company pertaining to the accounts had been seized by the Commission and without these documents, the Appellants cannot file the consolidated financial statements for the period ended 30/06/17. Furthermore, the Appellant argued that vide Order of the Appellate Bench dated 13/08/20 in the matter of Appeal No. 64 of 2019 (Order dated 13/08/20), it had already been directed by the Appellate Bench that all record of the Subsidiary Company be returned to the Company for filing of consolidated accounts.



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6. The Respondent rebutted the arguments of the Appellant *inter alia* on the grounds that the Appellant was given opportunities of hearings on 26/11/18, 17/12/18 and 27/03/19, however, no one appeared on the date of hearing or provided any submissions. The Respondent, however, concurred with the Appellant that vide Order dated 13/08/20, it had been directed by the Appellate Bench that all record of the Subsidiary Company be returned to the Company for filing of consolidated accounts.
7. We have heard the parties i.e. the Appellants and the Respondent. We are of the view that through Order dated 13/08/20, we had already directed that the record seized during investigation of the Subsidiary Company which is essential for filing of consolidated accounts must be returned to the Company. Therefore, the Respondent is, once again, directed that the Respondent return all the record seized during earlier investigation and if it is not possible to return the original record for any reason, then all backup record of the Subsidiary Company be returned so that the Company may file consolidated accounts for the year ended 30/06/17. Thereafter, the Company must file consolidated accounts and fully comply with the requirements of the law within reasonable time (not exceeding six (6) months) after receiving the necessary record from the Respondent which must be provided to the Company within two (2) weeks from the date of this Order. We further direct the Respondent to inform the Appellate Bench after the said record has been handed over and keep duly signed and stamped documentary record of the documents/instruments/record, which will be handed over to the management of the Subsidiary Company.
8. In view of the foregoing, the Impugned Order is set aside and the parties are directed to comply with the aforesaid direction in letter and spirit.


Shaukat Hussain
Commissioner (CCD, Insurance)


Farrukh H. Sabzwari
Commissioner (SCD-PRDD)

Announced on: **03 MAR 2021**