Press Release

SEC Maintains Strict Vigilance of Listed Companies

Islamabad – February 17 2005: The Securities and Exchange Commission of Pakistan (SEC) has maintained strict vigilance of listed companies and during the month of January 2005, it issued show cause notices to fifteen listed companies for violating various provisions of law.

These notices were issued to companies for failure to transfer shares, non-holding of Annual General Meetings (AGMs), non-circulation of quarterly accounts, misuse of employees' provident funds, failure to give proper reports by the auditors and non-submission of application for appointment of cost auditors. These cases shall be decided in due course of time.

Besides, a penalty of Rs.10,000 was imposed on the Chief Executive and Company Secretary of a listed company, as certain irregularities were observed in the appointment of directors of the company. Four companies were restrained from passing of special resolutions, which were contrary to the interest of the minority shareholders while eight companies were advised to circulate revised notices of AGMs/Extra Ordinary General Meetings to shareholders as the information provided to the shareholders through the earlier notices was insufficient. One company was directed to convene its overdue AGM for the calendar year 2004 and to present therein the audited accounts before the shareholders.

A company and its auditor were warned for violations observed in their annual accounts regarding compliance with the International Accounting Standards and Fourth Schedule to the Companies Ordinance, 1984. A warning was also issued to a company, which subsequently made good the default in submission of duly signed audit report to the SEC.

During January 2005, 93 out of 140 complaints of investors were resolved whereas comments on remaining 47 complaints were called for from the concerned companies. These complaints mainly related to non-receipt of dividend warrants, non-encashment of dividend warrants, delay/non-transfer of shares and issue of duplicate shares, non-receipt of annual and interim accounts and wrongful deduction of Zakat.

Efforts were also made to facilitate companies and prospective investors to promote efficiency in operations and further investments. One company was granted permission for conversion of debt amounting to Rs. 15.283 billion into equity and another company was granted permission to issue 15 million ordinary shares to general public.

Twelve companies were allowed to place their quarterly accounts on their respective websites instead of circulating the same among shareholders by post, after fulfilling the requirements of Circular 19 of 2004 issued by SEC. Technical clarifications were provided on four issues to different quarters.

Concerted efforts of the SEC have paved the way for improved governance, better disclosures and timely reporting by companies.