

Press Release

SEC Take Action against 15 Companies during April

Islamabad – May 18, 2005: As a result of its monitoring and vigilance drive to ensure compliance of rules and regulations, the Enforcement Department of the Securities and Exchange Commission of Pakistan (SEC) found 27 companies breaching the relevant rules during the month of April 2005 and took appropriate action against them.

Out of these 27, seven companies were fined an aggregate amount of Rs. 2,735,000. Penalties amounting to Rs. 2,730,000 were imposed on six companies namely M/s Quality Steel Works Limited, M/s Quice Food Industries Limited, M/s Haji Dossa Limited, M/s Ayaz Textile Mills Limited, M/s (Colony) Sarhad Textile Mills Limited and M/s Redco Textile Mills Limited for non/late holding of annual general meetings and non/late circulation of quarterly accounts whereas a penalty of Rs. 5,000 was imposed on M/s Crescent Knitwear Limited for non-transfer of amount payable by the Company to the Employee's Provident Fund and the Company was also directed to repay entire outstanding amount to the Fund.

Two companies have been issued show cause notices for giving unauthorized advances to associated undertakings free of interest, without approval of the shareholders and charging mark-up below the borrowing cost whereas one company has been issued show cause notice for increasing remuneration of the chief executive without meeting the requirement of law.

Four companies were advised to circulate the revised notices of Extra Ordinary General Meetings and Annual General Meeting to the shareholders as the information provided by them, through the notices, were insufficient to enable them to understand the nature of transactions and to take a prudent decision beneficial towards them.

Moreover, show cause proceedings have been initiated against nineteen companies for non/late circulation of quarterly accounts and against two companies for late submission of cost audit reports.

During the month, the SEC resolved 168 out of 187 complaints of various shareholders, whereas comments on remaining 19 complaints have been sought from the concerned companies. The complaints were mainly relating 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, other miscellaneous complaints relating to the non-holding of AGM, non-circulation of notice of meeting etc.

Efforts were also made to facilitate the companies and prospective investors to promote efficiency in operations and further investments. In this regard, twenty-one companies were allowed to place their quarterly accounts on their respective websites instead of circulating among shareholders by post. Technical clarifications were provided on several issues to various companies/persons during the month.