



Corporate Supervision Department  
Company Law Division

Before Amina Aziz – Director (CSD)

*In the matter of*

**Fatima Enterprises Limited**

Number and date of SCN: CSD/ARN/139/2015-2548-54, dated January 15, 2016  
Date of Hearing: March 16, 2016  
Present: Mr. Faisal Latif, Authorized Representative

**ORDER**

**UNDER SUB-SECTION (3) OF SECTION 245 READ WITH SECTION 476 OF THE  
COMPANIES ORDINANCE, 1984**

This order shall dispose of the proceedings initiated against the following directors including the chief executive officer (together referred to as “respondents”) of **Fatima Enterprises Limited** (the “Company”):

- |   |                           |   |                              |
|---|---------------------------|---|------------------------------|
| 1 | Mr. Sh. Nishat Ahmad, CEO | 5 | Mr. Mubashar Hassan Hamadani |
| 2 | Mr. Sh. Zafar Iqbal       | 6 | Mr. Muhammad Islam           |
| 3 | Mr. Kashif Tafazzul Warsi | 7 | Mr. Sarfraz Hassan           |
| 4 | Mr. Muhammad Asif Balouch |   |                              |

The proceedings against the respondents were initiated through show cause notice (the “SCN”) dated January 15, 2016, issued under the provisions of sub-section (3) of section 245 read with section 476 of the Companies Ordinance, 1984 (the “Ordinance”).

2. The brief facts of the case are that as per record, the Company failed to file the interim financial statements (“Quarterly Accounts”) for the following periods with the Commission, in a timely manner, as per requirements of section 245 of the Ordinance:

Quarter Ended	Due date of filing	Filed on	Delay (Days)
31-Dec-14	28-Feb-15	21-Oct-15	235
31-Mar-15	30-Apr-15	13-Nov-15	197
30-Sep-15	31-Oct-15	Not Filed	Not filed

Consequently, the SCN was issued to the respondents whereof they were called upon to show cause in writing as to why penal action may not be taken against them under sub-section (3) of



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section 245 of the Ordinance for not filing the aforesaid Quarterly Accounts, in a timely manner as per the law.

3. In response to the SCN, the respondents submitted reply through letter dated January 28, 2016 and stated as under:

- The delay in filing of Quarterly Accounts was caused due to delay in holding the AGM for 2014 and 2015. The AGM of the Company for the year ended June 30, 2015 was delayed due to delay in finalization of audit of annual accounts for the year ended June 30, 2015 by the auditor M.A. Nazir Chaudhri & Company, Chartered Accountants who were to complete the audit latest by September 22, 2015.
- It was further stated that the auditors have given assurance to complete the audit within two weeks after which directors' meeting will be called for decision to convene the AGM. The respondents further stated that they were trying their best to overcome the delay to comply with the provisions of the Ordinance. Based on the submissions, they requested for a lenient view.
- Previous Company Secretary and the auditors both created delays in finalization of annual and Quarterly Accounts. The Quarterly Accounts for September 30, 2015 could only be filed after approval of annual accounts for the year ended June 30, 2015.

Based on the above submissions, the respondents requested for withdrawal of the proceedings. The case was fixed for hearings on February 15, 2016, February 23, 2016 and March 8, 2016, however, the respondents repeatedly requested for adjournment. Finally, the hearing was held on March 16, 2016 before the undersigned and the respondents were represented by Mr. Faisal Latif as their authorized representative. During the hearing the respondents, through their representative, mainly reiterated their earlier stance as per written submissions and also stated that the Company will hold its AGM within a months' time and notice of the AGM will be submitted. The Quarterly Accounts for September 30, 2015 will be finalized and submitted after finalization of annual accounts. The representative further stated that correspondence from the auditor containing reasons for delay will be submitted within a week. Based on his submissions, the representative requested for a lenient view in the matter. Subsequently, notice dated March 24, 2016 of the AGM has been submitted whereof the board of directors of the Company has



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convened the AGM on April 18, 2016. The Company, through letter dated April 2, 2016 provided copy of annual accounts for the year ended June 30, 2015 along with various emails addressed to the auditor whereof the Company had requested the auditor to complete audit of Accounts. However, no communication from the auditor has been provided to substantiate the reasons for delay in finalization of audit of accounts for the year ended June 30, 2015.

4. Before proceeding further, it is important to mention that in terms of Sub-section (1) of section 245 of the Ordinance all listed companies are, inter alia, required to file their quarterly accounts with the Commission within stipulated time.

Sub-section (3) of section 245 of the Ordinance provides as under:

*"If a company fails to comply with any of the requirements of this section, every director, including chief executive and chief accountant of the company who has knowingly by his act or omission been the cause of such default shall be liable to a fine of not exceeding one hundred thousand rupees and to a further fine of one thousand rupees for every day during which the default continues."*

In terms of the Commission's notification SRO 1003 (I)/2015 dated October 15, 2015, the powers to adjudicate cases under section 245 of the Ordinance have been delegated to the Director (Corporate Supervision Department).

5. I have analyzed the facts of the case, relevant provisions of the Ordinance, and submissions made by the respondents. The aforesaid provisions of the law are clear and explicit. A listed company is required to file its quarterly accounts within the stipulated time that is one month from the close of first and third quarters and two months from the close of second quarter. Initially listed companies were only required to circulate annual accounts and the shareholders did not have information about the affairs of companies during the year. The requirement to circulate interim accounts was introduced so that the shareholders could have timely access to information about the affairs of companies. Keeping in view the fact that timing of interim financial statements is of essence the disclosure and audit requirements of these accounts have been kept to a bare minimum. Interim financial statements prepared properly and in a timely manner not only provide to its users a reliable source of information regarding a company's financial position and performance but these also show the results of management's stewardship of resources entrusted to it. In order to ensure transparency, all the companies must meticulously



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follow the legal requirement for preparing and circulation of interim accounts. In addition to their responsibility of overseeing and managing affairs of the Company, directors also have fiduciary duties towards the Company and its shareholders. They are, therefore, liable to a higher level of accountability which requires them to be vigilant and perform their duties with care and prudence. It is directors' responsibility to oversee the functioning of the company, to keep it appropriately staffed and organized to ensure due compliance of law. In terms of the Ordinance the directors are primarily responsible for approval of accounts. In respect of late filing of Quarterly Accounts for the periods ended December 31, 2014 and March 31, 2015, it may be noted that the AGM for the year ended June 30, 2015 was held on December 23, 2015 and the opening balances for preparation of Quarterly Accounts for December 31, 2014 and March 31, 2015 were available thereafter. Therefore, inordinate delays in filing of the aforesaid accounts are not tenable. Moreover, the company has a history of filing of quarterly accounts with delays and despite previous assurances regarding introduction of new system for ensuring timely holding of AGM and filing of Quarterly Accounts, the respondents have failed to comply with the legal requirements again.

6. In view of the above stated facts, I have concluded that the provisions of the law have been violated and the respondents are liable to fines in terms of section 245 of the Ordinance, as they failed to prepare and file the respective Quarterly Accounts of the Company in a timely manner, as per requirements of the law. Therefore, in exercise of the powers conferred by sub-section (3) of section 245 of the Ordinance, I hereby impose a fine of Rs70,000/- (Rupees seventy thousand only) on the respondents, as per following details:

Name of Respondents	Total (Rs)
1. Mr. Sh. Nishat Ahmad, CEO	10,000
2. Mr. Sh. Zafar Iqbal	10,000
3. Mr. Kashif Tafazzul Warsi	10,000
4. Mr. Muhammad Asif Balouch	10,000
5. Mr. Mubashar Hassan Hamadani	10,000
6. Mr. Muhammad Islam	10,000
7. Mr. Sarfraz Khan	10,000
<b>TOTAL</b>	<b>70,000</b>



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The aforesaid fines must be deposited in the designated bank account maintained with MCB Bank Limited in the name of the "Securities and Exchange Commission of Pakistan" within thirty days from the receipt of this order and receipted bank vouchers must be furnished to the Commission. In case of failure of the respondents to deposit of the fines, proceedings for recovery of the fines as arrears of land revenue will be initiated. It may also be noted that the aforesaid fines are imposed on the respondents in their personal capacities; therefore, they are required to pay the said amounts from personal resources.

**Amina Aziz**  
Director (CSD)

**Announced:**  
April 7, 2016  
Islamabad