



Corporate Supervision Department  
Company Law Division

**Say No To Corruption**

Before Ms. Amina Aziz – Director (CSD)

*In the matter of*

**Martin Dow Limited**

Number and date of SCN: No. CSD/ARN/290/2016-3666-69, dated March 16, 2016

**ORDER**

**UNDER SECTION 237 READ WITH SECTION 476 OF THE COMPANIES ORDINANCE, 1984**

This order shall dispose of the proceedings initiated against directors including chief executive (together referred to as “respondents”) of **Martin Dow Limited** (the “Company”).

Through show cause notice (the “SCN”) dated March 16, 2016, issued under the provisions of section 237 read with section 476 of the Companies Ordinance, 1984 (the “Ordinance”).

2. The brief facts of the case are that Martin Dow Limited held 95% and 97.8% equity of Seattle (Pvt.) Limited as on June 30, 2014 and December 31, 2014 and by virtue of its shareholding Martin Dow Ltd. is the holding company of Seattle (Pvt.) Limited. It had been observed that the Company despite being the holding company of the aforesaid company had not attached to its Accounts for the year ended December 31, 2014, the consolidated financial statements of the group presented as those of a single enterprise.

3. Consequently, the SCN dated March 16, 2016 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 section 237 of the Ordinance. They submitted that they were under process of compilation of consolidated financial statement for the year ended December 31, 2014 through assigning the task to audit firm as this required extensive effort and time.

4. A hearing was held on April 14, 2016 wherein Mr. Muqtadir M.A. Jawad, the Company Secretary and Director appeared in person and submitted that this was the first time requirement for consolidation for the year ended December, 2014 as holding was less than 50% in the subsidiary in the previous years. He further stated that the financial year end of the holding



# SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

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company (Jan – Dec) is different from the subsidiary (Jul- Jun), which created complexity and requires special attention and time. They assured that the related audited consolidation of the financial statements will be submitted at the closure of FY Dec, 2015.

5. Before proceeding further, it is necessary to advert the following provisions of section 237 of the Ordinance:

sub-section (1) of section 237 of the Ordinance states that *there shall be attached to the financial statements of a holding company having a subsidiary or subsidiaries, at the end of the financial year at which the holding company's financial statements are made out, consolidated financial statements of the group presented as those of a single enterprise and such consolidated financial statements shall comply with the disclosure requirement of the Fourth Schedule and International Accounting Standards notified under sub-section (3) of section 234.*

6. I have analyzed the facts of the case, relevant provisions of the Ordinance, and submissions made by the respondents. It is clear that in terms of section 237 of the Ordinance it is mandatory for every holding company having a subsidiary or subsidiaries to prepare and attach to its financial statements, the consolidated financial statements of the group presented as those of a single enterprise. The respondents have contravened the provisions of the law by not filing the group's consolidated financial statements. However, I take cognizance of the fact that after issuance of the SCN, the company has submitted a copy of the receipt for change in the financial year of the company to the FBR, in order to submit consolidated financial statements. I hereby conclude the proceedings with a warning to the respondents to be careful in future and ensure meticulous compliance with provisions of Section 237 of the Ordinance.

**Amina Aziz**  
Director (CSD)

**Announced:**  
May 5, 2016  
Islamabad