



Corporate Supervision Department
Company Law Division

Before Ms. Amina Aziz – Director (CSD)

In the matter of

AI-Mal Securities & Services Limited

Number and date of SCN: No.CSD/ARN/163/2015-3978-3985 dated April 07, 2016 &
No.CSD/ARN/163/2015-354 dated August 05, 2016

Date of hearing April 26, 2016, May 11, 2016, May 30, 2016, August 23, 2016,
September 21, 2016, October 17, 2016, November 07, 2016

Authorized Respondents None.

ORDER

UNDER 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 AI-Mal Securities & Services Limited (the "Company"):

- | | | | |
|---|-----------------------|---|-------------------|
| 1 | Mr. Abdul Fateh Jatoi | 5 | Mr. Faiz Muhammad |
| 2 | Mr. Abdul Majeed | 6 | Mr. Shahzad Ali |
| 3 | Syed Inayat Ullah | 7 | Mr. Nur Qadir |
| 4 | Mr. Asghar Ali Jatoi | | |

The proceedings against the respondents were initiated through show cause notice (the "SCN") dated April 07, 2016 under the provisions of section 158 read with section 476 of the Companies Ordinance, 1984 (the "Ordinance").

2. The brief facts of the case are that the Company did not 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:



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Quarter Ended	Due on
30-Sep-09	31-Oct--09
31-Dec-09	28-Feb-10
31-Mar-10	30-Apr-10
30-Sep-10	31-Oct-10
31-Dec-10	28-Feb-11
31-Mar-11	30-Apr-11
30-Sep-11	31-Oct-11
31-Dec-11	28-Feb-12
31-Mar-12	30-Apr-12
30-Sep-12	31-Oct-12
31-Dec-12	28-Feb-13
31-Mar-13	30-Apr-13
30-Sep-13	31-Oct=13
31-Dec-13	28-Feb-14
31-Mar-14	30-Apr-14
30-Sep-14	31-Oct-14
31-Dec-14	28-Feb-15
31-Mar-15	30-Apr-15
30-Sep-15	31-Oct-15
31-Dec-15	28-Feb-16
31-Mar-16	30-Apr-16

Consequently, the SCN was issued to the respondents whereof they were called upon to show cause in writing within fourteen days as to why penal action may not be taken against them under sub-section (3) of section 245 of the Ordinance for not filing the aforesaid Quarterly Accounts with the Commission in a timely manner, as per requirements of the law.

3. The respondents did not submit a written reply within the stipulated time. Subsequently hearings in the matter were fixed on January 24 2012, April 26, 2016, May 11 2016, May 30 2016, August 23 2016, September 21 2016 and October 17 2016. In order to provide a final opportunity,

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the case was fixed for hearing on November 07, 2016 through hearing notice dated October 18, 2016. It may be mentioned the Company in the reply letters kept requesting for postponing the hearings citing one reason or another and the hearings were accordingly re-fixed as can be seen in the number of hearing opportunities provided to the respondents. However, no one attended the hearings. It was explicitly mentioned in the final hearing notice that in case of failure of the respondents to make an appearance in person or through authorized representative, the Commission will proceed to issue *ex parte* order on the basis of material available on record

4. Before proceeding further, it is necessary to advert to the following relevant provisions of the Ordinance.

In terms of sub-section (1) of section 245 of the Ordinance read with Commission's circular no. 9 dated March 19, 2003, all listed companies are, inter alia, required to file their quarterly accounts with the Commission within stipulated time i.e. one month from the close of first and third quarters and two months from the close of second quarter.

Sub-section (3) of section 245, inter alia, provides as under:

(3) 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 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. Before deciding upon on matter I would like to highlight that 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



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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 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.

6. It is clear that the aforesaid Quarterly Accounts of the Company were not filed by the Company. The attitude of the respondents shows that they are not concerned with following the law which is evident from the fact that they have neither submitted a written reply to the SCN, nor have they appeared in the hearings fixed by the Commission. The aforesaid reflects a total disregard of the applicable legal framework by respondent which is not befitting for directors of a public listed company in their fiduciary capacity as caretakers of the investment of the minority shareholders. Keeping in view of the above I, hereby impose a fine of Rs. 5000/- for each quarter on each respondents aggregating to Rs. 735,000/- for contravening the provision of section 245 of the Ordinance. The respondents are directed to deposit the fine in the following manner:

S. No	Names of Directors	2009 (2 Qtrs)	2010 (3 Qtrs)	2011 (3 Qtrs)	2012 (3 Qtrs)	2013 (3 Qtrs)	2014 (3 Qtrs)	2015 (3 Qtrs)	2016 (3 Qtrs)	Amount in Rs.
1	Mr. Abdul Fateh Jatoi	10,000	15,000	15,000	15,000	15,000	15,000	15,000	5,000	100,000
2	Mr. Abdul Majeed	10,000	15,000	15,000	15,000	15,000	15,000	15,000	5,000	100,000
3	Syed Inayat Ullah	10,000	15,000	15,000	15,000	15,000	15,000	15,000	5,000	100,000
4	Mr. Asghar Ali Jatoi	10,000	15,000	15,000	15,000	15,000	15,000	15,000	5,000	100,000
5	Mr. Faiz Muhammad	10,000	15,000	15,000	15,000	15,000	15,000	15,000	5,000	100,000
6	Mr. Shahzad Ali	10,000	15,000	15,000	15,000	15,000	15,000	15,000	5,000	100,000
7	Mr. Nur Qadir	10,000	15,000	15,000	15,000	15,000	15,000	15,000	5,000	100,000
	TOTAL	70,000	105,000	105,000	105,000	105,000	105,000	105,000	35,000	735,000



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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 non-deposit of the fine, 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 capacity; therefore, they are required to pay the said amount from personal resources.

Amina Aziz
Director (CSD)

Announced:
January 13, 2017
Islamabad

