



Before Ms. Amina Aziz – Director (CSD)

In the matter of

Bank Islami Pakistan Limited

Number and date of SCN: No. CSD/ARN/307/2016-4504-11 dated June 10, 2016 and
No. CSD/ARN/307/2016-127-33 dated July 25, 2016

Date of hearing: August 1, 2016

Present: Khawaja Ehrar Ul Hassan, Company Secretary
Mr. Sohail Sikander, CFO
Mr. M. Shoaib, Unit Head, Corporate Affairs, Bank Islami
Pak Ltd.

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 Bank Islami Pakistan Limited (the "Company"):

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|---|---|---|----------------------------|
| 1 | Mr. Ali Hussain | 5 | Mr. Hasan A. Bilgrami |
| 2 | Mr. Ali Muhammad Hussain Ali Al Shamali | 6 | Mr. Kamal Afsar |
| 3 | Mr. Ali Raza Siddiqui | 7 | Mr. Shabbir Ahmed Randeree |
| 4 | Mr. Fawad Anwar | | |
| 8 | Mr. Abdulhakim Habib Mansoor Binherz | | |

The proceedings against the respondents were initiated through show cause notice (the "SCN-I") dated June 10, 2016 and July 25, 2016 (the "SCN-II") under the provisions of section 245 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"/Half yearly) for the following periods with the Commission, in a timely manner as per requirements of section 245 of the Ordinance:

Quarter Ended	Due on
30-Jun-15	30-Sep-15
30-Sep-15	31-Oct-15
31-Mar-16	30-Apr-16

Consequently, the SCNs 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 Bank vide its letter dated June 21, 2016 and its authorized representative vide letter dated September 7, 2016 stated that the bank under direction from SBP had merged with KASB Bank effective May 7, 2015. As required by IFRS 3 the accounts were to be prepared as a merged entity on fair value. The determination of fair value is a lengthy process for which the bank took an extension in time for three months for preparation of its annual accounts. It was further stated that the accounts had been e-filed at CRO Karachi however, physical copies were not provided. Also the filing of accounts was delayed due to the delayed AGM. The Bank in letter dated July 28, 2016 admitted the fact that the Commission had to be informed of the delay in approval and publication of financial accounts. Hearing opportunity was provided to the Company on August 1, 2016 which was attended by Khawaja Ehrar Ul Hassan, Company Secretary, Mr. Sohail Sikander, CFO and Mr. M. Shoaib, Unit Head, Corporate Affairs, Bank Islami Pak Ltd. The Company representatives offered same arguments as given in written reply that the accounts were delayed due to the merger process being carried out.



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.

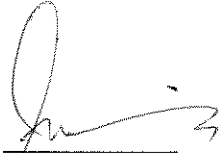
In terms of the Commission's notification SRO 1003 (I)/2015 dated October 15, 2015, the powers to adjudicate cases under section 245 have been delegated to the Director (Corporate Supervision Department).

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, 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 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 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 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 Company did not file the relevant Quarterly Accounts in physical form with the Commission; however, those were e-filed with the Registrar with some delay. However, in view of the satisfactory compliance history and the extraordinary circumstance of the Company I take a lenient view of the case and instead of imposing fine, I hereby conclude the proceedings with a warning to the respondents to be careful in future and ensure meticulous compliance with provisions of Section 245 of the Ordinance.



Amina Aziz
Director (CSD)

Announced:
January 13, 2017
Islamabad