



Corporate Supervision Department
Company Law Division

Before Abid Hussain – Executive Director

In the matter of

Fatima Holding Limited

Number and date of Notice: CSD/ARN/494/2017-3743-45 dated May 17, 2017

Date of hearing: August 22, 2017, February 6, 2018

Present: Mr. Basharat Hashmi – Authorized Representative

ORDER

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

This Order shall dispose of the proceedings initiated against the Directors (*the "Respondents"*) of Fatima Holding Limited (*the "Company"*) through Show Cause Notice dated May 17, 2017 (*the "SCN"*) issued under the provisions of Section 237 read with Section 476 of the Companies Ordinance 1984 (*the "Ordinance"*).

2. Brief facts of the case are that Note 6 to the Annual Audited Financial Statements of the Company for the year ended September 30, 2016 (*the "Accounts"*) filed with the Registrar of Companies revealed that Fatima Sugar Mills Limited (*"FSML"*), Reliance Commodities (Pvt.) Limited (*"RCL"*) and Fatima Energy Limited (*"FEL"*) are the subsidiary companies. Detail of shareholding is as follows:

Name of Subsidiary	Equity held
Fatima Sugar Mills Limited	99.99%
Reliance Commodities (Pvt.) Limited	100%
Fatima Energy Limited	50.08%

3. In this regard, it was observed that consolidated accounts were not found attached along with the stand-alone accounts of the Company. The Commission vide its letter dated March 14, 2017 sought clarification from the Company in the said matter. The Company in reply vide its letter dated April 18, 2017 responded that draft audited consolidated financial statements had been received. This year magnitude of consolidation was very high and complicated. RCL became wholly owned subsidiary as per the Lahore High Court decision and FEL became subsidiary through increase of shareholding over the time. All these matters took substantial time in



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Corporate Supervision Department Company Law Division

Continuation Sheet - 1 -

finalization. The Company requested for extension in time for filing of consolidated accounts by May 25, 2017.

4. Considering the reply of the Company, the SCN was served upon the Respondents to show cause as to why penalty may not be imposed under Section 237 of the Ordinance for not attaching the consolidated financial statements with its accounts,. Hearing in the matter was held on August 22, 2017 before then Director (CSD) and submissions were made by the respondents. Later on, another hearing was fixed before the undersigned on February 6, 2018. The hearing was attended by Mr. Basharat Hashmi, Authorized Representative. He also submitted written submissions in the hearing wherein it was stated that the Company filed audited consolidated financial statements for the year ended September 30, 2016 on May 18, 2017 and SECP acknowledgement email dated June 2, 2017 was attached therewith. Authorized Representative conceded the noncompliance with the provisions of Section 237 of the Ordinance and reiterated the earlier stance that this year magnitude of consolidation was very high and complicated. RCL became wholly owned subsidiary as per the Lahore High Court decision and FEL became subsidiary through increase of shareholding over the time. All these matters took substantial time in finalization. He further requested for the lenient view and gave assurance for future compliance.

5. Before proceeding further, it is necessary to advert to the relevant provisions of law:

- 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.*
- Sub-section (9) of section 237 of the Ordinance states that *if a holding company fails to comply with any requirement of this section, every officer of the holding company shall be punishable with fine which may extend to fifty thousand rupees in respect of each offense unless he shows that he took all reasonable steps for securing compliance by the holding company of such requirements and that the non-compliance or default on his part was not willful and intentional.*



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN
Corporate Supervision Department
Company Law Division

Continuation Sheet - 2 -

6. In terms of the Commission's notification SRO 751 (I)/2017 dated August 2, 2017, the powers to adjudicate cases under Section 237 of the Ordinance have been delegated to Executive Director (Corporate Supervision Department).

7. As regards the matter at hand, I have analyzed the facts of the case, relevant provisions of the Ordinance, representation given by the Authorized Representative during the hearing and in the written submissions. I have observed that the Respondents are in contravention of the provisions of Section 237 of the Ordinance. However, annual consolidated financial statement of the Company had been filed with Registrar of the Companies on May 18, 2017. I have also noted that the Respondents have admitted oversight on their part and ensured future compliance. The self-realization and corrective measures taken for avoidance of future errors are also reassuring. The enforcement and regulatory function of the Commission is aimed at building a compliant corporate culture, directors have a key role in ensuring that this culture must expand. I am taking a lenient view and hereby warn the Respondents to ensure meticulous compliance of law in future.

ABID HUSSAIN
Executive Director
Corporate Supervision Department

Announced:
May 4, 2018
Islamabad

27