



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN
SPECIALISED COMPANIES DIVISION

Before Sadia Khan, Executive Director

IN THE MATTER OF

M/S. TASEER HADI KHALID & CO. CHARTERED ACCOUNTANTS

STATUTORY AUDITORS OF

PARAMOUNT LEASING LIMITED

ORDER

1. This order, under sub-section (2) of section 484 of the Companies Ordinance, 1984 (the “Ordinance”), is being passed pursuant to a review petition filed before me by M/s. Taseer Hadi Khalid & Co., Chartered Accountants, having their head office at First Floor, Sheikh Sultan Trust, Building No. 2, Beaumont Road, Karachi (hereinafter referred to as the “Petitioners”). Brief facts leading to the passing of this order are as below:

- i. The Petitioners, who are a firm of chartered accountants, were appointed by M/s. Paramount Leasing Limited, a public company, limited by shares, having its registered office at 701-702, Fortune Centre, 45-A, Block-6, PECHS, Shahrah-e-Faisal, Karachi (hereinafter referred to as the “Company”) as its statutory auditors in compliance with section 252 of the Ordinance.

- ii. A special audit of the Company revealed to this office that the Petitioners had availed a lease facility from the Company during the period they were carrying out the audit assignment of the Company. As section 254 (3)(d) of the Ordinance provides that a person shall not be appointed as auditor of a company if he is indebted to the same, the Petitioners were issued a show cause notice to explain as to why action in terms of 254 (6) may not be taken against them. Subsequent to the said show cause notice, an order dated 30.05.2002 (the “Order”) was passed by this office whereby no penalties were imposed upon the Petitioners, however, a warning was issued to them. Feeling aggrieved by paras 16 and 17 of the Order, the Petitioners have filed the present review petition before me praying that para 16 of the Order may be modified and para 17 of the same may be expunged from the Order.

2. The Petitioners contend that para 16 and 17 of the Order have caused a great dent in their reputation and could also result in unnecessary consequential proceedings by other regulators inspite of the fact that the Order explicitly determined that apparently no undue favour had been done by the Company to the Petitioners. All the grounds mentioned in the Petition by the Petitioners have been considered by this office and review Petition is allowed in light of the fact that no reputational damage was intended to the Petitioners. The Order, however, sought to reiterate the need for independence of auditors. Para 16 and 17 of the Order, in view of the aforesaid, shall therefore, be replaced by the following:

“16. I am of the view that financial commitments pertaining to a finance lease agreement do fall within the ambit of the term indebtedness for the purpose of section 254 of the Ordinance. However, in this particular case, keeping in view the manner in which the transaction was executed, I feel assured that no undue favour was extended to THK by PLL under the lease arrangement and the spirit of section 254 was not violated.”

3. Issued under my hand and seal this 29th day of July 2002.

(Sadia Khan)
Executive Director