



Corporate Supervision Department
Company Law Division

Before Amina Aziz – Director (CSD)

In the matter of

Dadabhoy Sack Limited

Number of SCN: No. EMD/233/524/2002-1114
Date of the SCN January 14, 2015

ORDER

UNDER SUB-SECTION (3) OF SECTION 245 READ WITH SECTION 476 OF THE COMPANIES ORDINANCE, 1984

This order shall dispose of the proceedings initiated against the following directors including chief executive (together referred to as “respondents”) of **Dadabhoy Sack Limited** (the “Company”):

- | | | | |
|---|-------------------------------|---|--------------------------|
| 1 | Mr. Muhammad Hussain Dadabhoy | 5 | Mrs. Yasmeen Dadabhoy |
| 2 | Mr. Muhammad Amin Dadabhoy | 6 | Mrs. Noor Bakht Dadabhoy |
| 3 | Mr. Fazal Karim Dadabhoy | 7 | Mr. Danish Dadabhoy |
| 4 | Mrs. Humaira Dadabhoy | | |

These proceedings were initiated through show cause notice (the “SCN”) dated January 14, 2015, under the provisions of sub-section (3) of section 245 read with section 476 of the Companies Ordinance, 1984 (the “Ordinance”).

2. The brief facts of the case are that as per record, the Company did not file the interim financial statements (“Quarterly Accounts”) for the following periods with the Commission as per requirements of section 245 of the Ordinance:

Quarter Ended	Due On	Filed On
30-Sep-13	31-Oct-13	Not Filed
31-Dec-13	28-Feb-14	Not Filed
31-Mar-14	30-Apr-14	Not Filed
30-Sep-14	31-Oct-14	Not Filed

3. 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



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Accounts. Since the respondents failed to respond to the SCN, a hearing in the matter was fixed on August 26, 2015, however, no one appeared on the due date. Another hearing in the matter was fixed on September 8, 2015 through hearing notice dated August 28, 2015. In response to the hearing notice the respondents through letter dated September 7, 2015 submitted that the Company has been regularly filing the interim accounts and the Quarterly Accounts were also e-filed with the respective Company Registration Office ("CRO"). However, some delay in e-filing was caused due to some technical problems, as stated below:

Quarter Ended	Reasons for Delay
30-Sep-13	To obtain electronic signatures, which took time, therefore, challan submission of Accounts was delayed.
31-Dec-13	The Accounts were filed in time and deposited with bank vide E-Challan No. E-2014-216553 dated March, 7, 2014
31-Mar-14	The Accounts were filed late due to technical issue of unavailability of filing option in system due to technical problem on Company's SECP e-filing portal. The Accounts submitted vide online Challan No. E-2014-242230 dated June 25, 2014
30-Sep-14	As above. The Accounts submitted vide online Challan No. E-2014-279094 dated November 18, 2014.

Based on their submissions, they requested to condone the delay as it was not intentional or deliberate.

4. Before proceeding further, it is important to mention that in terms of Sub-section (1) of section 245 of the Ordinance all listed companies are, inter alia, required to file their quarterly accounts with the Commission within stipulated time.

Sub-section (3) of section 245 of the Ordinance provides as under:

"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 (3) have been delegated to the Director (Corporate Supervision Department).

5. As per record maintained at the respective Company Registration Office ("CRO") it has been confirmed that with the exception of the Quarterly Accounts for September 30, 2013, all other



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Quarterly Accounts were e-filed with the CRO, albeit with some delays which has been explained by the respondents. Subsequently, another hearing in the matter were fixed on February 17, 2016, however, no one appeared on the due date. In connection with this it is important to note that the applicable legal framework, i.e. section 245 of the Ordinance requires separate filing of Quarterly Accounts with the Commission and the Registrar of Companies. In respect of filing of Quarterly Accounts with the Registrar, e-filing mode has been adopted; however, it does not currently cater for filing of accounts with the Commission. As such, companies are still required to file their quarterly and annual accounts in physical form at the Commission's head office. This fact has been amply clarified by the Commission through a press release dated January 2, 2014.

6. I have analyzed the facts of the case, relevant provisions of the Ordinance, and submissions made by the respondents. The aforesaid provisions of the law are clear and explicit. A listed company is required to file its quarterly accounts within the stipulated time, which is one month from the close of first and third quarters and two months from the close of second quarter. 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 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. 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 from the record that the Company failed to file physical copies of the aforesaid Quarterly Accounts with the Commission. The Quarterly Accounts for September 30, 2013 were also not e-filed with the respective CRO. However, keeping in view the submissions made by the respondents and the fact that three of the Quarterly Accounts were e-filed with the CRO, instead of imposing fines, I hereby take a lenient view and conclude the proceedings against the respondents with a warning to be careful in future.



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Before parting with the order I hereby direct the respondents in terms of section 473 of the Ordinance to duly file physical copies of the aforesaid Quarterly Accounts with the Commission along with challan evidencing payment of filing fee.

Amina Aziz
Director (CSD)

Announced:
March 4, 2016
Islamabad