



Corporate Supervision Department
Company Law Division

Before Ms. Amina Aziz – Director (CSD)

In the matter of

Dadabhoy Cement Industries Limited

Number of SCN: No. CSD/ARN/226/2015-1608-14
Date of the SCN: November 24, 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 Cement Industries Limited** (the “Company”):

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

These proceedings were initiated through show cause notice (the “SCN”) dated November 24, 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, in a timely manner 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

3. Consequently, the SCN was issued to the respondents whereof they were called upon to show cause in writing as to why penal action may not be taken against them under sub-section (3) of section 245 of the Ordinance for delay in filing the aforesaid Quarterly Accounts. In response to the SCN the respondents vide letter dated December 14, 2015 submitted that the respondents confirm that the Company had been regularly filing the Quarterly Accounts, however, due to



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Corporate Supervision Department
Company Law Division

Continuation Sheet - 1 -

technical reasons the filing was delayed in respect of Quarterly Accounts for September 30, 2013. With regard to filing of Quarterly Accounts for December 31, 2013, the respondent submitted that those were filed in a timely manner on January 28, 2014 and also provided a copy of e-challan of the same date. 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 confirmed that the Quarterly Accounts for September 30, 2013 were e-filed within due time, however, the Quarterly Accounts for December 31, 2013 were not e-filed. Subsequently, hearings in the matter were fixed on January 26, 2016 and February 9, 2016, however, no one appeared on the due dates. 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



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Corporate Supervision Department
Company Law Division

Continuation Sheet - 2 -

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 the aforesaid Quarterly Accounts for September 30, 2013 and December 31, 2013 with the Commission. The Quarterly Accounts for September 30, 2013 were also not e-filed with the respective CRO. Therefore, the respondents are liable for penalties prescribed by sub-section (3) of section 245. However, keeping in view the submissions made by the respondents and the fact that one of the Quarterly Accounts were e-filed with the CRO, instead of imposing maximum prescribed fines, I hereby take a lenient view and impose an aggregate fine of Rs35,000/- on the respondents as under:

Name of Respondents	Total (Rs)
1. Mr. Muhammad Hussain Dadabhoy	5,000
2. Mr. Muhammad Amin Dadabhoy	5,000
3. Mr. Fazal Karim Dadabhoy	5,000
4. Mrs. Yasmeen Dadabhoy	5,000
5. Mrs. Noor Bakht Dadabhoy	5,000
6. Mr. Danish Dadabhoy	5,000
7. Mrs. Humaira Dadabhoy	5,000
TOTAL	35,000

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 failure of the respondents to deposit of the fines, proceedings for recovery of the fines as



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Corporate Supervision Department
Company Law Division

Continuation Sheet - 3 -

arrears of land revenue will be initiated. It may also be noted that the aforesaid fines are imposed on the respondents in their personal capacities; therefore, they are required to pay the said amounts from personal resources.

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

Amina Aziz
Director (CSD)

Announced:
February 15, 2016
Islamabad