



**SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**

***Company law Division  
Enforcement Department***

**Before Abdul Rehman Qureshi, Commissioner (CLD)**

*In the matter of*

**M/s. Zafara International Limited**

***-section (3) of Section 245 of the Companies Ordinance, 1984***

No. and date of show cause notice	EMD/Enf-II /516/2004- dated July 05, 2004
Date of hearing	November 04, 2004
Present	Mr. Hamidullah of Hamidullaha Associates Finance & Corporate Consultants,
Date of Order	December 14, 2004

**Order**

This Order shall dispose of the proceedings initiated against the directors of M/s. Zafara International Limited (hereinafter referred to as the "Company") for default made in complying with the provisions of Sub-section (1) of Section 245 of the Companies Ordinance, 1984 (the "Ordinance").

2. The facts leading to this case, briefly stated, are that in terms of the provisions of Section 245 of the Ordinance, the Company was required to prepare and transmit to the members and simultaneously file with the Commission its quarterly accounts for the 3<sup>rd</sup> quarter ended March 31, 2004 by April 30, 2004. The Company failed to file the aforesaid accounts with the Commission within the prescribed time. Consequently, a show cause notice dated July 05, 2004 was served on the Chief Executive and directors of the Company calling upon them to explain as to why penalties as provided under Sub-section (3) of Section 245 read with Section 476 of the Ordinance may not be imposed on them for the aforesaid contravention. The said notices were received back undelivered with the remarks "shifted". The notices were again sent at the residential addresses of the directors. In response to the show cause notice, Mr. Hamidullah of Hamidullah Associates, Finance and Corporate Consultants contended on behalf of the



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directors, vide his letter dated August 03, 2004 that the quarterly accounts for the 3<sup>d</sup> quarter ended March 31, 2004 were prepared in time but due to the sudden illness of the Company's Secretary and renovation of the office premises could not be sent to the Commission. It was further submitted that there was no mala fide intention for late filing of quarterly accounts. He also stated that the requisite accounts were filed on July 21, 2004 i.e. with a delay of 2 months and 21 days. Request for condonation of delay was also made.

3. In order to provide an opportunity of hearing, the case was fixed for October 28, 2004, which was adjourned and re-fixed for November 04, 2004. On the date of hearing, Mr. Hamidullah appeared before me on behalf of the directors of the Company and repeated the same arguments as were given in his earlier reply dated August 03, 2004. He also filed written explanation vide letter dated October 25, 2004 wherein it was contended that the Company's project for manufacturing of Disposable Syringes was a pioneer project in Pakistan for which Bankers Equity Limited (BEL) had approved and sanctioned loan for machinery and working capital. However, BEL did not release funds for the working capital with the result that, inspite of providing loans by the directors to the extent of Rs. 132.341 million, the Company's project became a sick unit since its inception. He further stated that due to worst financial condition of the Company the workers and employees of the Company were not paid their dues in time, so they left the Company. It was further contended that only the Chief Executive of the Company who is also a serious heart patient, is looking after the whole affairs of the Company. It was further submitted that, prima facie, the Company is listed but virtually it is a de-listed Company as no trade is taking place at the stock exchanges. Mr. Hamidullah also intimated that the Company has published notice in the newspapers regarding buy-back of shares of the Company at a price of Rs. 14.75 per share duly approved by KSE/SEC.

4. I have given due consideration to the submissions of the representative of the directors and found that the plea taken by him do not justify the delay in filing of quarterly accounts. The illness of the Company's Secretary and renovation of office premises are not cogent reasons for late filing of accounts. The Company also filed these accounts with the Company Registration Office, Karachi with a delay of **1** month and **23** days. Moreover, the Company is still listed on the Stock Exchanges, therefore, the plea of the representative that it is virtually de-listed is not



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correct. As reported by the Company, the process of buy-back of shares will be finalized upto December 2005. As long as the Company is listed on the Stock Exchanges, it has to comply with all the requirements of the Companies Ordinance, 1984 and other laws as applicable to a listed Company. The directors of the Company are, therefore, responsible to take necessary steps to ensure the timely compliance of the relevant provisions of law. The directors have thus violated the mandatory provisions of Section 245 of the Ordinance by not transmitting the quarterly accounts within prescribed time.

5. Under the circumstances, I am of the opinion that the contentions of the representative of the directors do not justify the default for late-filing of accounts. The Company had also defaulted in the past by late-filing of interim/annual accounts but the delay was ignored by the Commission. Although, the default is established, yet, keeping in view the financial crises and the fact that the Company is in the process of buy-back of its shares from the public, I am inclined to take a lenient view of the default and instead of imposing the maximum fines as provided under Section 245 of the Ordinance, impose a token fine of Rs. 20,000/- (Rupees twenty thousand only) on the Chief Executive of the Company. The other directors are reprimanded to be careful in future.

6. The Chief Executive of M/s. Zafara International Ltd., is directed to deposit the fine amounting to Rs. 20,000/- (Rupees twenty thousand only) in the designated bank account maintained in the name of Securities and Exchange Commission of Pakistan with Habib Bank Limited within thirty days from the receipt of this Order and furnish receipted challan to the Commission. It should also be noted that the said penalty is imposed on the Chief Executive in his personal capacity and he is required to pay the said amount from his personal resources.

**Abdul Rehman Qureshi**  
***Commissioner (CLD)***

***Announced:***  
*December 14, 2004*  
**ISLAMABAD**