



Corporate Supervision Department  
Company Law Division

Before Amina Aziz – Director (CSD)

*In the matter of*

**Fatima Enterprises Limited**

Number and date of SCN: FMD/233/117/02-1316 dated January 30, 2015  
Date of Hearing: November 4, 2015  
Present: Mr. Faisal Latif, Authorized Representative

**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 the chief executive officer (together referred to as “respondents”) of **Fatima Enterprises Limited** (the “Company”):

- |   |                           |   |                              |
|---|---------------------------|---|------------------------------|
| 1 | Mr. Sh. Nishat Ahmad, CEO | 5 | Mr. Mubashar Hassan Hamadani |
| 2 | Mr. Sh. Zafar Iqbal       | 6 | Mr. Muhammad Islam           |
| 3 | Mr. Kashif Tafazzul Warsi | 7 | Mr. Sarfraz Khan             |
| 4 | Mr. Muhammad Asif Balouch |   |                              |

These proceedings against the respondents were initiated through show cause notice (the “SCN”) dated January 30, 2015, issued 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 failed to 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 date of filing	Filed on	Delay (Days)
30-Sep-12	31-Oct-12	03-Dec-12	33
31-Dec-12	28-Feb-13	01-Apr-13	31
30-Sep-13	31-Oct-13	29-Nov-13	29
31-Dec-13	28-Feb-14	24-Mar-14	24
30-Sep-14	31-Oct-14	22-Dec-14	52



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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.

3. In response to the SCN, the respondents submitted reply through letter dated February 12, 2015 and stated as under:

- The AGM of the Company for the year ended June 30, 2012 was held on November 30, 2012 (*within the extended time*) due to late finalization of audit of annual accounts for 2012 by the auditors. Resultantly Quarterly Accounts for September 30, 2012 were prepared and filed with a delay of 33 days as the opening balances for preparation these accounts were to be carried forward from annual accounts. For the same reason, the half yearly accounts for December 31, 2012 were also delayed by 31 days.
- The AGM of the Company for the year ended June 30, 2013 was held on November 30, 2013 (*within the extended time*). This resulted in delay in finalization of Quarterly Accounts for September 30, 2013 and December 31, 2013 which were prepared and filed with delays of 29 and 24 days, respectively.
- The Quarterly Account for September 30, 2014 were filed with a delay of 52 days, as the annual accounts for the year 2014 were approved in the AGM held on December 23, 2014.

Based on the above submissions, the respondents requested for withdrawal of the proceedings. The case was fixed for hearings on April 29, 2015, September 29, 2015 and October 19, 2015, however, every time the respondents requested for adjournment. Finally, the hearing was held on November 4, 2015 before the undersigned and the respondents were represented by Mr. Faisal Latif as their authorized representative. During the hearing the respondents mainly reiterated their earlier stance as per written submissions and also stated that the Company has been in financial problems with its financier banks. It was further informed that the Company Secretary has been changed and the Company is inducting Pakistan Unified Corporate Action Reporting System ("PUCARS") for better compliance in future. They also stated that the Company has been facing problems in finalization of Accounts for the year ended June 30, 2015 due to issues with the auditors and the Company plans to change the auditors for next year. The authorized representative was advised to provide timeline for finalization and submission of Accounts for the





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year 2015 and submit letter from the auditors giving reasons for delay in finalization of Accounts for the year ended June 30, 2014.

4. Subsequently, the respondents through letter dated November 10, 2015 submitted various communications from the Company to the auditor whereof the auditors was requested to expedite the audit of Accounts for the year ended June 30, 2014. However, no communication from the auditor regarding reasons for delay in finalization of audit of Accounts 2014 along with timeline for finalization of annual Accounts and holding of AGM for the year 2015 was provided. As advised by the competent authority during the hearing, the respondents were again required to submit the following information in connection with the proceedings:

- (i) Specific timeline for holding of the overdue AGM and filing of annual and interim accounts; and
- (ii) Communication from the auditor regarding delay in audit / finalization of accounts for the year 2014 and 2015.

In response, the respondents through letter dated November 14, 2015 the respondents submitted the unaudited half yearly accounts for the period ended December 31, 2014 and quarterly accounts for the period ended March 31, 2015. It was further stated that audit of annual accounts for the year ended June 30, 2015 was pending with the auditors and it is hoped that it will be completed by the end of December 2015 and the AGM will be convened on or before January 20, 2016. The respondents also enclosed a letter dated November 12, 2015 from the auditor wherein it was stated that audit of Accounts 2014 was delayed due to scope limitation i.e. information from banks was not provided in time. In respect of delay in audit of Accounts 2015, it was stated by the auditor that they were trying their level best to complete the work at earlier possible time but information from the banks was still pending.

5. 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*



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*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 of the Ordinance have been delegated to the Director (Corporate Supervision Department).

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 that is one month from the close of first and third quarters and two months from the close of second quarter. Initially listed companies were only required to circulate annual accounts and the shareholders did not have information about the affairs of companies during the year. 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. In addition to their responsibility of overseeing and managing affairs of the Company, directors also have fiduciary duties towards the Company and its shareholders. They are, therefore, liable to a higher level of accountability which requires them to be vigilant and perform their duties with care and prudence. It is directors' responsibility to oversee the functioning of the company, to keep it appropriately staffed and organized to ensure due compliance of law. In terms of the Ordinance the directors are primarily responsible for approval of accounts. In respect of late filing of Quarterly Accounts for the periods ended September 30, 2012, 2013 and 2014, the respondents have stated that the delay was caused due to late holding of the AGM and approval of respective annual accounts. They have also tried to justify late filing of Quarterly Accounts for second quarters ended December 31, 2012 and December 31, 2013, which is not tenable because the





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Company had the opening balances available for preparation of these Accounts in a timely manner.

7. In view of the above stated facts, I have concluded that the provisions of the law have been violated and the respondents are liable to fines in terms of section 245 of the Ordinance, as they failed to prepare and file the respective Quarterly Accounts of the Company in a timely manner, as per requirements of the law. Therefore, in exercise of the powers conferred by sub-section (3) of section 245 of the Ordinance, I hereby impose a fine of Rs35,000/- (Rupees thirty five thousand only) on the respondents, as per following details:

Name of Respondents	Total (Rs)
1. Mr. Sh. Nishat Ahmad, CEO	5,000
2. Mr. Sh. Zafar Iqbal	5,000
3. Mr. Kashif Tafazzul Warsi	5,000
4. Mr. Muhammad Asif Balouch	5,000
5. Mr. Mubashar Hassan Hamadani	5,000
6. Mr. Muhammad Islam	5,000
7. Mr. Sarfraz Khan	5,000
<b>TOTAL</b>	<b>35,000</b>

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 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.

**Amina Aziz**  
Director (CSD)

**Announced:**

December 1, 2015  
Islamabad