



Corporate Supervision Department  
Company Law Division

Before . . . Amina Aziz – Director (CSD)

*In the matter of*

**Gammon Pakistan Limited**

Number and date of SCN: No. CSD/ARN/209/2015-755-62, dated September 22, 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 **Gammon Pakistan Limited** (the “Company”):

1. Mr. Abdul Karim Khan
2. Mr. Hussain Kuli Khan Khattak
3. Mr. Khalid Kuli Khan Khattak
4. Syed Wajid Hussain Bukhari
5. Mr. Mushtaq Ahmed Khan FCA
6. Mr. Sikandar Kuli Khan Khattak
7. Mr. Mohammad Kuli Khan Khattak
8. Brig. (Retd.) Musthaq Ali Khan, Chief Executive

These proceedings against the respondents were initiated through show cause notice (the “SCN”) dated September 22, 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	Delay
30-Sep-13	31-Oct-13	Not Filed	Not Filed till date
31-Mar-14	30-Apr-14	11-May-14	11 Days
31-Dec-14	28-Feb-15	10-Mar-15	10 Days
31-Mar-15	30-Apr-15	18-May-15	18 Days



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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. In response to the SCN, the respondents vide letter dated September 30, 2015 stated that they submitted the aforesaid Quarterly Account within the prescribed time and there was no delay on their part. They also submitted copies of the courier receipts to substantiate their claim.

3. 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).

4. 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. 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





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organized to ensure due compliance of law. As per record of the Commission, the Quarterly Account for quarters ended March 31, 2014, December 31, 2014 and March 31, 2015 were received on with delays of eleven, ten and eighteen days respectively. It also appears that the Company did not attach the evidence of payment of filing fee for these Quarterly Accounts. Moreover, the Company also did not file the Quarterly Accounts for the quarter ended September 30, 2013 with the Commission. As per record of the Companies Registration Office of the Commission, the Company also did not e-file the Quarterly Accounts for quarter ended September 30, 2013 with the registrar. However, these Quarterly Accounts have been placed on the Company's website. It is pertinent to note that the date on which the Quarterly Accounts are received by the Commission is considered to be the date of filing and it is responsibility of the companies to ensure that the Quarterly Accounts are filed with the Commission along with the filing fee, within the prescribed time along with requisite filing fee.

5. It is clear that the Company was required to file the aforesaid Quarterly Accounts in physical form with the Commission in a timely manner, but those were filed with delays. The Company also did not file the Quarterly Accounts for the quarter ended September 30, 2013 with the Commission. However, I take cognizance of the fact that the Company has placed the aforesaid Quarterly Accounts on its website. Therefore, instead of imposing fine, I hereby conclude the proceedings with a warning to the respondents to be careful in future and ensure meticulous compliance with provisions of section 245 of the Ordinance.

Before parting with the order, I hereby invoke the provisions of section 473 of the Ordinance and direct the Company to file the Quarterly Accounts for quarter ended September 30, 2013 with the Commission. The Company is further directed to furnish the evidence of payment of filing fee for all the aforesaid Quarterly Accounts. The compliance of these directions must be made within fifteen days from the date of receipt of this order.

  
Ajnina Aziz  
Director (CSD)

**Announced:**  
December 10, 2015  
Islamabad