



Corporate Supervision Department
Company Law Division

Before Ms. Amina Aziz – Director (CSD)

In the matter of

Grays of Cambridge Pakistan Limited

Number and date of SCN: EMD/233/599/02-1223 dated January 23, 2015
Date of hearing: September 15, 2015
Present: Ms. Alia, Advocate, 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 chief executive (together referred to as "respondents") of **Grays of Cambridge Pakistan Limited** (the "Company"):

1	Mr. Ameer Khawar Khawaja	2	Mr. Muhammad Tahir Butt
3	Mr. Khawar Anwar Khawaja	4	Mr. Neil Douglas James Gray
5	Mr. Khurram Anwar Khawaja	6	Mr. Omer Khawar Khawaja
7	Mr. Fakir Syed Aijaz Uddin	8	Mr. Paul Douglas Gray
9	Mr. Sarfraz Mahmood		

These proceedings were initiated through show cause notice (the "SCN") dated January 23, 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:

Sr. No.	Quarter Ended	Due Date
1	31-Dec-13	28-Feb-14
2	31-Mar-14	30-Apr-14

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 not filing the aforesaid Quarterly Accounts in terms of the law. In response to the SCN the respondents vide letter dated February 5, 2015 submitted that the



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Quarterly Accounts for the aforesaid periods were mailed to the Commission on February 26, 2014 and April 26, 2014, respectively. However, no evidence of submission was provided along with the reply.

3. The case was fixed for hearing on September 15, 2015 and the respondents were represented by Ms. Alia, Advocate, who made verbal submissions and reiterated the respondents' earlier written stance. She also provided copies of courier receipts as evidence of submission of Quarterly Accounts to the Commission. However, as per record, it is not established that the Company submitted the aforesaid Quarterly Accounts with the Commission. Subsequently, upon confirmation from the respective companies registration office of the Commission to check the e-filing status of the Quarterly Accounts, it transpired that the Company e-filed the Quarterly Accounts for the period ended December 31, 2013 with the Registrar in a timely manner. However, Quarterly Accounts for the period ended March 31, 2014 were not e-filed.

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. 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. 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



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to ensure transparency, all the companies must meticulously follow the legal requirement for preparing, filing and circulation of interim accounts. The respondents being director of the Company have statutory duty for preparing, filing and circulation of quarterly accounts. In terms of applicable legal framework, i.e. section 245 of the Ordinance separate filing of Quarterly Accounts with the Commission and the Registrar of Companies is mandatory. 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 clarified by the Commission through a press release dated January 2, 2014. In the instant case, it has been observed that the Quarterly Accounts for the period ended December 31, 2013 were e-filed with the registrar but were not filed with the Commission. The Quarterly Accounts for quarter ended March 31, 2014 were neither e-filed with the registrar nor were they filed with the Commission. The Company has produced a TCS receipt dated 26.04.2014 claiming it to be evidence of dispatch of Quarterly Accounts for 30-Mar-2014, however, it could not be confirmed from the record of the Commission. Moreover, it could also not be confirmed by the courier company, which in response to the Commission's query stated that they do not maintain record beyond forty five days, therefore, it could not be confirmed by them.

6. It is clear from the record that the Company did not file the aforesaid Quarterly Accounts in physical form with the Commission. Moreover, the Company also did not e-file Quarterly Accounts for March 31, 2014 with the Registrar. However, considering the otherwise satisfactory compliance history of filing of accounts with the Commission, 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 respondents to file three physical copies of the aforesaid Quarterly Accounts with the Commission along with requisite filing fee.


Anjina Aziz
Director (CSD)

Announced:
December 9, 2015
Islamabad