



# SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

*Company Law Division*  
(Enforcement Department)

*Before Abdul Rehman Qureshi, Commissioner (CLD)*

*In the matter of*  
*M/s. Hala Enterprises Limited*

No. and date of notice	EMD/Enf-II/254/2004 dated July 05, 2004
Date of hearing	October 26, 2004
Present	Mr. Saleem Iqbal Khawaja Corporate & Financial Consultant

## ORDER

This Order shall dispose of the proceedings initiated against the directors of M/s. Hala Enterprises 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 Company was required to prepare and transmit to the members and simultaneously file with the Commission quarterly accounts for the 3<sup>rd</sup> quarter ended March 31, 2004, which were filed with the Commission on June 04, 2004 i.e. with a delay of 1 month and 4 days. A notice dated July 05, 2004 was, therefore, served on the Chief Executive and its directors 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.

3. In response to the show cause notice, Mr. M. Tanvir Akhtar, Company’s Secretary stated on behalf of all the directors that the aforesaid quarterly accounts were forwarded to



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the Commission within the prescribed time through the courier service on April 30, 2004. He also attached photocopies of the said accounts. The reply was examined and it was observed that the Company had only transmitted its financial results, whereas the quarterly accounts, as required under the provisions of the Companies Ordinance and International Accounting Standards (IAS) No. 34 were filed. It being clear violation of the statutory requirements, the case was fixed on October 26, 2004 so as to provide an opportunity of hearing to the defaulters.

4. On the date of hearing, Mr. Saleem Iqbal Khawaja, Chief Executive, Corplink (Pvt.) Ltd. (Corporate and Financial Consultants) appeared before me on behalf of directors of the Company and repeated the same arguments as were submitted earlier by the Company's Secretary in his written reply dated July 08, 2004. He stated that financial results filed on April 30, 2004 were submitted in compliance of Section 245 of the Ordinance which were duly signed by the Chief Executive of the Company. He further contended that according to Section 245 (2), the provisions of Sub-section (1) and (2) of Section 241 do not apply for submission of 3<sup>rd</sup> quarterly accounts. He also stated that as an abundant caution, the signed accounts for the 3<sup>rd</sup> quarter ended March 31, 2004 were again filed on June 04, 2004.

5. I have given due consideration to the submissions of the representative of the directors and found that their plea is not correct as the quarterly accounts were not filed within time. In fact these were the financial results only which were actually filed on June 04, 2004. As per requirements of IAS-34 the quarterly accounts should contain *Condensed profit and loss account, Balance sheet, Cash flow statement, Statement of changes in equity and Selected explanatory notes to the accounts*, whereas the financial results filed by the Company on April 30, 2004 did not include the required information. Moreover, as clarified vide this Commission's Circular No. 16 of 2002 dated December 11, 2002, the provisions of Sub-section (1) & (2) of Section 241 of the Companies Ordinance and IAS 34 are applicable regarding authentication and contents of quarterly accounts.



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6. Under the circumstances, I am of the opinion that the contention of the representative does not justify the default for late filing of accounts. The Company had also filed the interim accounts late in the past but the delay was always ignored by the Commission. This led me to believe that the Company's management has no respect for the law and they have intentionally deprived the shareholders of their statutory right to receive the quarterly accounts of the Company. I am, therefore, constrained to believe that the Company and its directors including the Chief Executive have willfully and deliberately committed the delay in preparation, circulation and filing of quarterly accounts. In view of the foregoing, I impose a fine of Rs.50, 000/- (Rupees fifty thousand only) on the Chief Executive of the Company. The other directors of the Company are reprimanded to be careful in future.

7. The Chief Executive of the Company is hereby directed to deposit the fine amounting to Rs.50, 000/- (Rupees fifty 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 to furnish receipted challan to the Commission.

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

**November 05, 2004**  
**ISLAMABAD**