

Before Amir Saleem – Additional Director/Head of Wing

In the Matter of Show Cause Notice issued to Clover Pakistan Limited

Date of Hearing:

January 27, 2021

Order-Redacted Version

Order dated April 30, 2021 was passed by Additional Director/Head of Wing (Adjudication-I) in the matter of Clover Pakistan Limited. Relevant details are given as hereunder:

Nature	Details												
1. Date of Action	Show cause notice dated December 23, 2020												
2. Name of Company	Clover Pakistan Limited												
3. Name of Individual*	The proceedings were initiated against the directors, chief executive and chief financial officer of the Company.												
4. Nature of Offence	<p>Proceedings were initiated in terms of Section 237 of the Companies Act, 2017 (the Act) read with Section 479 thereof.</p> <p>Brief facts of the case are that the Company failed to electronically transmit its interim financial statements for the following periods with the Commission within the stipulated time pursuant to Section 237 of the Act read with the Commission's Circular No. 24 dated October 19, 2017:</p> <table border="1" style="margin-left: auto; margin-right: auto;"><thead><tr><th style="text-align: center;">Quarter</th><th style="text-align: center;">Period ended</th><th style="text-align: center;">Filing due on</th></tr></thead><tbody><tr><td style="text-align: center;">2nd</td><td style="text-align: center;">December 31, 2019</td><td style="text-align: center;">February 29, 2020</td></tr><tr><td style="text-align: center;">3rd</td><td style="text-align: center;">March 31, 2020</td><td style="text-align: center;">April 30, 2020</td></tr><tr><td style="text-align: center;">1st</td><td style="text-align: center;">September 30, 2020</td><td style="text-align: center;">October 30, 2020</td></tr></tbody></table>	Quarter	Period ended	Filing due on	2 nd	December 31, 2019	February 29, 2020	3 rd	March 31, 2020	April 30, 2020	1 st	September 30, 2020	October 30, 2020
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5. Action Taken	<p>Key findings were reported in the following manner:</p> <p>I have analyzed the facts of the case, relevant provisions of the Act and the information available on record. The aforementioned provisions of the law are unambiguous and explicit. The fact that timing of interim financial statements is of essence, the disclosure requirements of these accounts have been kept to a bare minimum. Interim financial statements prepared accurately and in a timely manner provide to its users a reliable source of information regarding a Company's financial position and performance, besides illustrating the results of the management's stewardship of resources entrusted on to it.</p> <p>In order to ensure transparency, all companies must meticulously adhere to the law for preparation and circulation of interim financial statements. Moreover, directors have fiduciary duties towards the Company and its shareholders while providing information to various stakeholders concerning their performance as to how diligently and ethically they are discharging their fiduciary duties and responsibilities. Directors are obliged to ensure that such mechanisms are in place, and appropriate</p>												

	<p>actions be taken, whereby financial and operational reporting of the company is timely achieved, whilst ensuring due compliance of the law.</p> <p>In view of the preceding facts, I have concluded that the pertinent provisions of the statute have been violated, which renders the Respondents liable to penal action in terms of Section 237 of the Act as a result of failing to electronically transmit the Company's interim financial statements for the periods ended December 31, 2019, March 31, 2020 and September 30, 2020 with the Commission within the statutory timeframes.</p>
6. Penalty Imposed	Penalty aggregating Rs. 260,000/- (Rupees two hundred and sixty thousand only) was imposed on the Respondents.
7. Current Status of Order	No Appeal has been filed by the Respondents.

Redacted version issued for placement on website of the Commission.
