



Corporate Supervision Department
Company Law Division

Before Ms. Amina Aziz – Director (CSD)

In the matter of

WorldCall Telecom Limited

Number and date of SCN: No. CSD/ARN/331/2016-176-182, dated July 26, 2016
Date of Hearing August 10, 2016
Present for Respondent Mr. Sajid Farooq Hashmi, Authorized Representative

ORDER

UNDER 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 WorldCall Telecom Limited (the “Company”):

- | | | | |
|---|--|---|----------------------------------|
| 1 | Mr. Aimen Bin Ahmed Al Hosni | 5 | Mr. Shahid Aziz Siddiqi |
| 2 | Dr. Syed Salam Ali Shah | 6 | Mr. Sohail Qadir |
| 3 | Mr. Mehdi Mohammed Al Abduwani | 7 | Mr. Talal Said Marhoon Al Mamari |
| 4 | Mr. Samy Ahmed Abdul Qadir Al Ghassany | | |

The proceedings against the respondents were initiated through show cause notice (the “SCN”) dated July 26, 2016 under the provisions of section 245 read with section 476 of the Companies Ordinance, 1984 (the “Ordinance”).

2. The brief facts of the case are that the Company did not file the interim financial statements (“Quarterly Accounts”) for the quarter ended March 31, 2016 with the Commission, in a timely manner as per requirements of section 245 of the Ordinance. Consequently, the SCN was issued to the respondents whereof they were given an opportunity to appear before the undersigned on August 10, 2016 to show cause 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 with the Commission in a timely manner, as per requirements of the law.

3. The Company vide its letter dated August 9, 2016 replied to the SCN which reproduced as under:

“We have already communicated to SECP that there was fire in WTL main warehouse located at Kot Lakhpat Lahore in November 2015, Fire damaged some record placed in warehouse we are in process of compiling the damaged record. Record is critical for the External Auditors to finalize Financial Statements for the year ended 31 December 2015. External Auditors require eight weeks after provision of relevant record. SECP has also extended the time through direction under section 170 of the Companies Ordinance, attached thereto. It is, however, extremely important that SECP supports company in its endeavor by allowing the time to streamline the record of the Company. This gesture of beneficial regulation will enhance the confidence of the investors in Pakistan's business environment. Quarterly accounts can only be made once Audited Financial Statements for the year ended 31 December 2016 is audited. We are determined that as soon as Annual accounts are audited we would be circulating the Quarterly Financial Statements. We can assure you that at no stage there had been any willful or



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deliberate delay in the circulation of annual or Quarterly accounts. The Management of the Company and its Board of Directors are working in a professional and transparent manner with the objective of compilation of record that same can be provided to external auditors. In view of the aforesaid and considering that there been no willful or deliberate delay on the part of the Management of the Company and its Board of Directors, we request you to kindly take a lenient view in the matter and condone the delay."

4. In hearing held on August 10, 2016, Mr. Sajid Farooq Hashmi, Authorized Representative of the Respondents, appeared before the undersigned and reiterated the reasons of non-filing of quarterly accounts for the quarter ended March 31, 2016 as already submitted vide the Company's letter dated August 9, 2016 which have been reproduced in paragraph 3 above.

5. Before proceeding further, it is necessary to advert to the following relevant provisions of the Ordinance. In terms of sub-section (1) of section 245 of the Ordinance read with Commission's circular no. 9 dated March 19, 2003, all listed companies are, inter alia, required to file their quarterly accounts with the Commission within stipulated time i.e. one month from the close of first and third quarters and two months from the close of second quarter.

Sub-section (3) of section 245, inter alia, provides as under:

(3) 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 have been delegated to the Director (Corporate Supervision Department).

6. It is important to highlight here that the Ordinance has been repealed while promulgating Companies Ordinance, 2016 ("Ordinance 2016"). However, provisions of Section 509(1)(f) of the Ordinance 2016 clearly provides that pending proceedings shall be concluded as provided in the Ordinance:

"509. Repeal and savings.— (1) The Companies Ordinance, 1984 (XLVII of 1984), hereinafter called as repealed Ordinance, shall stand repealed, except Part VIII A consisting of sections 282A to 282N, from the date of coming into force of this Ordinance and the provisions of the said Part VIII A along with all related or connected provisions of the repealed Ordinance shall be applicable mutatis mutandis to Non-banking Finance Companies in a manner as if the repealed Ordinance has not been repealed:

Provided that repeal of the repealed Ordinance shall not-

(f) affect any inspection, investigation, prosecution, legal proceeding or remedy in respect of any obligation, liability, penalty, forfeiture or punishment as aforesaid, and any such inspection, investigation, prosecution, legal proceedings or remedy may be made, continued or enforced and any such penalty, forfeiture or punishment may be imposed, as if this Ordinance has not been passed".



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7. I have analyzed the facts of the case, relevant provisions of the Ordinance, and submissions made by the respondents. Before deciding upon on matter I would like to highlight that 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.

8. It is clear that the aforesaid Quarterly Accounts of the Company were not filed by the Company. As per report of Lahore Fire Brigade, fire incident was happened on November 17, 2015 and as per Copy of report of Police Station, Quaid-e-Azam Industrial State Lahore dated December 15, 2015 that financial record of the Company damaged from 2008 to 2014. The Company failed to compile the damaged record even after lapse of one year casting serious doubts on the sincerity of efforts being made to ensure with the mandatory statutory requirements. The provision of sub-section (1)(b) of Section 245 *ibid* by non-filing of the quarterly accounts for the quarter ended March 31, 2016 have been contravened Therefore, I hereby impose a fine of Rs35,000 (Rupees thirty five thousand only) under Sub-section (3) of Section 245 *ibid*.

The aforesaid fine 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 voucher must be furnished to the Commission. In case of non-deposit of the fine, proceedings for recovery of the fines as arrears of land revenue will be initiated. It may also be noted that the aforesaid fine is imposed on the respondent in his personal capacity; therefore, he is required to pay the said amount from his personal resources.

Amina Aziz
Director
Corporate Supervision Department

Announced:
December 13, 2016
Islamabad



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