



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department-I

Adjudication Division

Order

In the Matter of

Apna Microfinance Bank Limited

Number and Date of SCN: CSD/ARN/182/2015-373 dated July 29, 2024
Hearing Dates: September 03, 2024; November 8, 2024
Present: Mr. Mansoor Ahmad-CFO; and
Mr. Noshad Ahmad-Company Secretary

Under Section 237 of the Companies Act, 2017 and Section 479 thereof

This Order shall dispose of the proceedings initiated by the Securities and Exchange Commission of Pakistan (the "Commission") through the Show Cause Notice No. CSD/ARN/182/2015-373 dated July 29, 2024 (the "SCN") issued under Section 237 of the Companies Act, 2017 (the "Act") read with Section 479 thereof and Circular No. 11 of 2023 dated August 11, 2023 (the "Circular") against the Board of Directors ("BoD") and Chief Financial Officer ("CFO"), herein collectively referred to as the Respondents, of Apna Microfinance Bank Limited (the "Company").

2. The brief facts of the case are that from the perusal of relevant record, it transpires that the Company failed to prepare and file/electronically transmit with the Registrar/ Commission, its first Quarterly Financial Statements ("QFS") within the extended time as detail provided hereunder:

S. No.	Periods ended	Due on
1.	March 31, 2024	May 30, 2024 (Extended Time)

3. The aforesaid QFS were also not posted on the website of the Company within the extended timeline. The Respondents, therefore, *prima facie*, contravened the provisions of Section 237 of the Act read with the Circular by failing to prepare and file/electronically transmit QFS to the Registrar/ Commission.

4. The relevant provisions of the Act stipulate as under:

Sub-section (1) of Section 237 of the Act read with the Commission's Circular No. 24 dated October 19, 2017 entails:

- 1) Every listed company shall prepare quarterly financial statements within a period of :-
 - a) thirty days from the close of first and third quarters of its year of accounts; and
 - b) sixty days from the close of its second quarter of its year of accounts.

2) The quarterly financial statements shall be posted on the company's website for the information of its members and also be transmitted electronically to the Commission, securities exchange and with the registrar within the period specified under sub-section (1).

...

4) If a company fails to comply with any of the requirements of this section, every director, including chief executive and chief financial officer of the company who has by his act or omission been the cause of such default shall be liable to a penalty of level 2 on the standard scale.

5. In taking cognizance of the matter, the SCN was issued to the Respondents. In response, the Company Secretary through letter dated August 10, 2024, *inter alia*, submitted that:

- (i) The Company's CFO resigned on February 1, 2024 before completion of audit. This impacted the timely commencement of the yearly audit activity hence finalization of annual audited financial statements for the year ended December 31, 2023 and consequently preparation of QFS was delayed;
- (ii) The audited financial statements for the year ended December 31, 2023 were approved in AGM held on June 21, 2024, thereafter, QFS were prepared and transmitted to the Commission on August 07, 2024;
- (iii) The circumstances were beyond the control of the management/BoD therefore, requested to condone the delay.

6. In order to afford the Respondents, to provide an opportunity of personal representation, a hearing in the matter was fixed for September 03, 2024 and November 08, 2024. On the date of hearings, Mr. Mansoor Ahmad, CFO and Mr. Noshad Ahmad, Company Secretary appeared on behalf of the Respondents as their Authorized Representatives ("AR"). The AR admitted the delay in filing QFS, reiterated the written submission made through letter dated August 10, 2024, assured strict future compliance and, *inter alia*, stated that:

- (i) Resignation of Company's CFO in February 2024 caused delay in finalization of the annual audited financial statements for the period ended December 31, 2023 and the preparation/ filing of QFS;
- (ii) The Company was in losses due to problem in microfinance sector, therefore, additional equity of Rs 1.90 billion has been injected to revive the Company's operations;
- (iii) The State Bank of Pakistan ("SBP") verbally allowed to defer preparation of the accounts due to financial crisis in microfinance sector;
- (iv) A lenient view may be taken as the Company has subsequently filed/transmitted its QFS on August 7, 2024 i.e. with a delay of 68 days.

7. I have considered the facts of the case based on the relevant provisions of the Act, available record of Company, as well as the written and verbal submissions of AR, it is imperative to discuss the following elements:

- In terms of Section 237 of the Act, every listed company is required to file/transmit QFS within sixty days from the date of close of its second quarter of its year of accounts. QFS are crucial source of information for stakeholders/members. It provides timely insights into a company's financial performance and such information is essential for assessing the company's overall financial health.
- The provisions of Section 237 of the Act are unambiguous and explicit. In order to ensure transparency, the Company is required to meticulously adhere to the provisions of Section 237 of the Act for timely filing/transmission of QFS. Reliance is placed on the SECP Appellate Bench Order dated March 1, 2023 (Appeal No. 73 of 2022- Gulistan Textile Mills Limited, vs. SECP) it was held that a public listed company has higher responsibility to disseminate true and accurate state of affairs to all the stakeholders in a timely manner so that they may take appropriate decisions.
- Considerable time was available to prepare and transmit the QFS after the resignation of Company's CFO on February 1, 2024. It is noted that filing/ transmission of QFS to the Registrar/ Commission, and placement of the same on the Company's website are mandatorily required in terms of Section 237 of the Act.

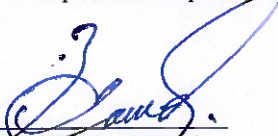
- The requirements of Section 237 of the Act are specific and it is obligatory/ mandatory that the Company prepare and file/ transmit QFS within stipulated timeframe. The Company failed to prepare/file QFS within the extended period and substantiate that SBP issued any instruction allowing non-preparation of QFS.
- Subsequent filing of QFS with a delay of 68 days does not exonerate the Respondents for the violations and Respondents cannot be absolved from their obligations in the matter.

8. In view of above, I have concluded that the provisions of the Act have been violated and it renders the Respondents liable to penal action in terms of Section 237 of the Act as a result of delayed preparation and filing/transmission of the Company's QFS in contravention to provisions of Section 237 of the Act. Therefore, in exercise of powers conferred under sub-section (4) of Section 237 of the Act, I hereby impose an aggregate penalty of **Rs. 80,000/- (Rupees Eighty Thousand Only)** on the Respondents as follows:

S. No.	Names of the Respondents	Amount of Penalty (PKR)
1	Mr. Wajahat Malik, Chief Executive	10,000/-
2	Mr. Imad Mohammad Tahir, Director	10,000/-
3	Mr. Muhammad Saleem Shaikh, Director	10,000/-
4	Mr. Muhammad Asghar, Director	10,000/-
5	Mr. Abdul Aziz Khan Niazi, Director	10,000/-
6	Mr. Muhammad Akram Shahid, Director	10,000/-
7	Mr. Shahid Hassan, Director	10,000/-
8	Mr. Mansoor Ahmad, CFO	10,000/-
Total		80,000/-

9. The aforementioned penalties must be deposited in the designated bank account maintained with MCB Bank Limited or United Bank Limited in the name of the *Securities and Exchange Commission of Pakistan* within thirty (30) days from the receipt of this Order, and duly deposited bank challan shall be furnished to the Commission. In case of non-deposit of the penalties, proceedings for recovery under Section 485 of the Act as arrears of land revenue will be initiated. It may also be noted that the penalty has been imposed on the Respondents in their personal capacity; therefore, they are required to pay the said amount from personal resources.

10. Nothing in this Order may be deemed to prejudice the operation of any provision of the Act providing for imposition of penalties in respect of any default, omission, violation of the Act.


Maibboob Ahmad
 Additional Director/ Head of Wing
 Listed Companies Wing

Announced: December 13, 2024
 Islamabad

