BEFORE THE APPELLATE BENCH

In the matter of

Appeal No. 19 of 2017

Sh. Nishat Ahmad, Chief Executive
Sh. Zafar Iqbal, Director
Mr. Sarfraz Hassan, Director
Mr. Kashif Tafazzul Warsi, Director
Mr. Asif Balouch, Director
Mr. Mubashar Hassan Hamadani, Director
Mr.M.Islam, Director
(Chief Executive & Directors of Fatima Enterprises Limited)

...Appellants

Versus

Director (Corporate Supervision Department)
Securities and Exchange Commission of Pakistan

...Respondent

Date of Hearing: 18/02/21

Present:

For the Appellant:

Mr. Faisal Latif, Faisal Latif & Co.

For the Respondent:

i. Mr. Amir Saleem, Additional Joint Director (Adjudication-1)
ii. Mr. Sardar Sohaib Amin, Assistant Director (Adjudication-1)

ORDER

1. This Order is passed in Appeal No.19 of 2017 filed under section 33 of the Securities and Exchange Commission of Pakistan Commission Act, 1997 against the Order dated 09/01/17 (the

Impugned Order) passed by the Director, Corporate Supervision Department of the Securities and Exchange Commission of Pakistan (the Respondent).

2. The brief facts of the case are that Fatima Enterprises Limited (the Company) did not file the interim financial statements (the Quarterly Accounts) for the following periods with the Securities and Exchange Commission of Pakistan (the Commission), in a timely manner as per requirements of section 245 of the Companies Ordinance, 1984 (the Companies Ordinance).

Quarter Ended	**Due on**
31 Dec 15	29 Feb 16
31 Mar 16	30 Apr 16

3. The Show Cause Notice (the SCN) was issued to the Directors of the Company (the Appellants) whereof they were called upon to show cause in writing within fourteen (14) days as to why penal action may not be taken against them under section 245(3) of the Companies Ordinance. Hearing dates were fixed on 05/09/16, 22/09/16 and 18/10/16, however, no one appeared on their behalf. The Company, however, submitted the quarterly accounts through letters dated 11/08/16 and 31/10/16.

4. The Respondent dissatisfied with the response of the Appellants held that the requirement to circulate interim accounts was introduced so that the shareholders could have timely access to information regarding the affairs of companies. Therefore, a fine of Rs 5000 was imposed for each quarter on each of the Appellants aggregating to Rs 70,000 for contravening the provision of section 245 of the Companies Ordinance. The Appellants were directed to deposit the fine in the following manner:

S#	**Names of Directors**	**31-Dec-15**	**31-Mar-16**	**Total**
		(Amount in Rs.)		
1.	Mr. Sh. Nishat Ahmed	5000	5000	10,000
2	Mr. Sh.Zafar Iqbal	5000	5000	10,000
3.	Mr. Kashif Tafazzul Warsi	5000	5000	10,000

4.	Mr. Muhammad Asif Balouch	5000	5000	10,000
5.	Mr. Mubashar Hasan Hamdani	5000	5000	10,000
6.	Mr. Muhammad Islam	5000	5000	10,000

5. The Appellant preferred the appeal *inter alia on* the grounds that the Impugned Order was passed *ex parte* and while there was a default, subsequent compliance has been made and a lenient view should be taken in the matter.

6. The Respondent rebutted the arguments of the Appellant *inter alia* on the grounds that the Appellant was warned that failing to appear in the case could result in an *ex-parte* order being passed as the matter was fixed thrice for hearing and equal opportunity was provided to the Appellants to appear and justify the default, however, no one appeared on their behalf.

7. We have heard the parties i.e. the Appellants and the Respondent. We are of the view that the Appellants have already admitted their default and have not given any explanation as to why they failed to appear before the Respondent during the show-cause proceedings. This is despite the fact that they were provided ample hearing opportunities to argue their case. Therefore, we see no reason to take a lenient view in the matter.

8. In view of the foregoing, the Impugned Order is upheld with no order as to costs. The Appeal is disposed of accordingly.

Sadia Khan
Commissioner (SCD-S&ED)

Farrukh Sabzwari
Commissioner (SCD-PRDD)

Announced on: 14 APR 2021