



# Securities and Exchange Commission of Pakistan

## BEFORE THE APPELLATE BENCH

In the matter of

Appeal No. 79 of 2020

Marine Group (Pvt.) Limited

...Appellant

Versus

The Deputy Director,

Corporatisation and Compliance Department, Securities & Exchange Commission of  
Pakistan

...Respondent

Date of Hearing: 26/05/21

### Present:

For the Appellant (via Zoom video conferencing):

Mr. Nisar ul Haq (Nisar-ul-Haq & Co. Chartered Accountants)

For the Respondent (via Zoom video conferencing)

Mr. Waseem Ahmad Khan, Director (Corporatization and Compliance Department)

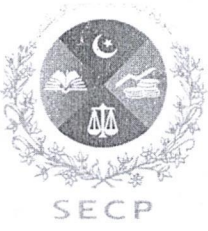
### ORDER

1. This Order is passed in Appeal filed under section 33 of the Securities and Exchange Commission of Pakistan Commission Act, 1997 against the order dated 08/06/20 (the Impugned Order) passed by the Deputy Director, Corporatisation and Compliance Department, Securities and Exchange Commission of Pakistan (the Respondent).
2. The brief facts of the case are that the Marine Group (Pvt.) Ltd., (the Appellant) made an Application (the Application) under Section 228(7) of the Companies Act, 2017 (the Companies Act) seeking exemption from the preparation of consolidated financial statements for the year ended 30/06/20.



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3. The Application was rejected by the Respondent on the grounds that there were no cogent reasons for granting exemption to the Appellant in respect of its subsidiary companies namely; M/s. Marine Services (Pvt.) Ltd., Premier Software (Pvt.) Ltd., Epic Air (Pvt.) Ltd., Port Link International Services (Pvt.) Ltd., for the year ended 30/06/20. Further, the Respondent held that it was already informed in the exemption granted in 2019 that no such further exemption shall be granted to the Appellant in the following years.
4. The Appellant preferred the instant appeal *inter alia* on the grounds that the Impugned Order passed under section 228(7) of the Companies Act by the Respondent is bad in law, and is without any justification. Furthermore, the Appellant argued that the Respondent has erred by violating the law of consistency and fair play as the Respondent rejected the application despite having discretion to accept, even without hearing the Appellant which is against the principle of natural justice. Furthermore, the Appellant argued that the Respondent has erred to understand that there is no third-party shareholding in all subsidiaries and that it will have an insignificant and immaterial impact on the consolidation of financial statements. Furthermore, the Respondent argued that exemption had been granted in 2019, therefore, there was no reason for it not be to be granted in 2020 and the law of consistency should be followed while issuing any order against the Appellant. The Appellant further argued that the one of the reasons for request for exemption was a delay in receiving the audited accounts of one of its subsidiaries.
5. The Respondent preferred the instant appeal *inter alia* on the grounds that the Appellant became the holding company of the subsidiaries through transfer of shareholding reported in July and August 2019 and considering that due to time constraint, it was impracticable for the holding company to prepare consolidated financial statements of the Appellant, exemption from preparation of consolidated financial statements was granted by the competent authority for the year ended 30/06/19. Furthermore, the Respondent argued that the Appellant was informed that the said exemption was being granted only for the year ended 30/06/19 with the advice to the Appellant that no further exemption would be granted in the following years. The Respondent further argued that vide Impugned Order it was communicated that no cogent reasons have been found for granting exemption to the Appellant for the financial year ended 30/06/20.



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6. We have heard the parties i.e. the Appellant and the Respondent. We are of the view that the Appellant's argument that exemption should have also been granted subsequently as it had been previously granted in 2019 is without any merit. It is the sole discretion of the competent authority whether or not to allow such exemption. Furthermore, there was no requirement in the law to provide a hearing opportunity to the Appellant for the Application made in terms of section 228(7) of the Companies Act. Furthermore, the Appellant had already been communicated by the Respondent in 2019 that no further exemption will be granted in subsequent years. It is important to note that consolidation of accounts is a strict requirement of the law and the Appellant had come with no cogent reasons for exemption from filing of consolidated accounts for the year ended 30/06/20.
7. In view of the foregoing, we see no reason to interfere with the Impugned Order. 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: **05 JUL 2021**