



Before Ms. Amina Aziz – Director (CSD)

In the matter of

Abdullah Shah Ghazi Sugar Mills Limited

Number and date of SCN: No. CSD/ARN/304/2016, dated March 20, 2017

Date of hearing: March 20, 2017

Authorized Representative: Ms. Zainab Syed

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 **Abdullah Shah Ghazi Sugar Mills Limited** (the “Company”):

- | | | | |
|---|--------------------------|---|----------------------|
| 1 | Mr. Riaz Qadeer | 5 | Mr. Atif Butt |
| 2 | Mr. Muhammad Dawood | 6 | Mr. Muhammad Talib |
| 3 | Mr. Muhammad Nawaz | 7 | Mr. Yasir Iqbal |
| | | 8 | Mr. Shaukat Ali Butt |
| 4 | Mr. Muhammad Rashid Rana | | |

The proceedings against the respondents were initiated through show cause notice (the “SCN”) dated March 20, 2017 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 quarter ended December 31, 2016, accounts due on January 31, 2017 with the Commission. Consequently, the SCN was issued to the respondents whereof they were called upon to show cause in writing within fourteen days 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 hearing in the matter was fixed for June 01, 2017, Ms. Zainab Syed appeared on behalf of the Company and informed that the particular accounts could not be timely filed because the AGMs for the year 2015 and 2016 were not being held due to which the subsequent accounts could not be approved as well. She further submitted that the Company has sought extension until October 31, 2017 for the AGM for the year September 30, 2016. The audit is also in the final stage and once the AGM is held the accounts shall be submitted.

4. 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).

5. I have analyzed the facts of the case, relevant provisions of the Ordinance, and submissions made by the respondents. Before deciding upon on matter, 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



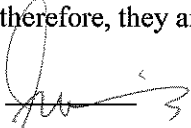
of management's stewardship of resources entrusted to it. In order to ensure transparency, all the companies must meticulously follow the legal requirement for preparing and circulation of interim accounts. In addition to their responsibility of overseeing and managing affairs of the Company, directors also have fiduciary duties towards the Company and its shareholders. 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 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.

6. It is clear that the aforesaid Quarterly Accounts of the Company were not filed by the Company. The respondents have not given a valid justification for the non-compliance of law. Keeping in view of the above I, hereby impose a fine of Rs. 40,000 on the respondents in aggregate for contravening the provision of section 245 of the Ordinance. The respondents are directed to deposit the fine in the following manner:

| S.# | Names of Directors | Amount in Rs. |
|-----|--------------------------|---------------|
| 1 | Mr. Riaz Qadeer Butt | 5000 |
| 2 | Mr. Muhammad Rashid Rana | 5000 |
| 3 | Mr. Atif Butt | 5000 |
| 4 | Mr. Muhammad Talib | 5000 |
| 5 | Mr. Yasir Iqbal | 5000 |
| 6 | Mr. Muhammad Dawood | 5000 |
| 7 | Mr. Muhamad Nawaz | 5000 |
| 8 | Mr. Shaukat Ali Butt | 5000 |
| | TOTAL | 40,000 |



The aforesaid fines 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 vouchers 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 fines are imposed on the respondents in their personal capacity; therefore, they are required to pay the said amount from personal resources.



Amina Aziz

Director (CSD)

Announced:

August 29, 2017

Islamabad