



Corporate Supervision Department
Company Law Division

Before Amina Aziz – Director (CSD)

In the matter of

Khairpur Sugar Mills Limited

Number and date of SCN: CSD/ARN/284/2016-3407 dated February 24, 2016
Date of hearing: March 30, 2016
Present for Respondent: Mr. Abdul Sattar Solangi and Mr. Mushtaq Ali Bhutto,
Advocates (the “Authorized Representative”)

ORDER

UNDER SECTION 495 READ WITH SECTION 476 OF THE COMPANIES ORDINANCE, 1984

This order shall dispose of the proceedings initiated against Chief Executive (the “respondent”) of Khairpur Sugar Mills Limited (the “Company”). The proceedings against the respondent were initiated through show cause notice (the “SCN”) dated February 24, 2016, issued under the provisions of section 495 read with section 476 of the Companies Ordinance, 1984 (the “Ordinance”) and S.R.O. 634(I)/2014 dated July 10, 2014 (the “SRO-I”).

2. The brief facts of the case are that the Commission through the SRO-I directed every public listed and public unlisted company to maintain a functional website with effect from August 30, 2014 and place stipulated mandatory information thereon. Furthermore, the Commission through S.R.O. 684 (I)/2015 dated July 15, 2016 (the “SRO-II), also directed all public companies to place website link of SECP investor education portal “JamaPunji” (www.jampunji.pk) along with its logo, available on SECP’s website (www.secp.gov.pk) at a prominent place on the homepage of their website.

3. On reviewing of website of the Company as per its website address www.jumanigroup.com/khairpur-sugar-mills.php, it was observed that mandatory information, annual and interim accounts and website link of SECP Investor Education Portal ‘JamaPunji’ along with its logo, required under the SRO-II and Commission’s Circular No. 43 of 2015 have not been displayed/placed on its website.

4. Consequently, the SCN was issued to the respondent whereof he was called upon to show cause in writing as to why penal action may not be taken against him under sub-section (1) of section 495 of the Ordinance for not complying with the Commission’s direction given in the SRO-I &II along with fixing the dated of hearing for March 9, 2016. Mr. Abdul Sattar Solangi, Advocate of M/s Haroon Zakaria &



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Company through email dated March 8, 2016 requested to adjourn the hearing for thirty days as the Chief Executive of the Company is out of country. Considering the request of Mr. Solangi, hearing in the matter was re-fixed for March 25, 2016. Due to inevitable circumstances, the hearing was again adjourned and re-fixed for March 30, 2016.

5. On the date of hearing Mr. Abdul Sattar Solangi and Mushtaq Ali Bhutto, Advocates (the "Authorized Representatives") appeared before me and they were questioned about the development and maintenance of website as per direction given by the Commission through SRO-I & II. The authorized representatives stated that most of the mandatory information has been placed on website of the Company. They pledged that complete information in accordance with SROs will be placed on Company's website within a week time. The authorized representatives also submitted M/s Haroon Zakaria & Company (the authorized firm)'s letter dated March 30, 2016 which contents are reproduced as under:

"The Company has updated website and complied with the all requirement under the law. We therefore, request you to kindly condone the said act and take the lenient and soft action for the same. Further, Company will comply with any notice issued by SECP within time and that this type of negligence will not appear in future."

6. The Company's website was reviewed and observed that the following mandatory information has not placed on website of the Company:

- Email address of the Company;
- Profile of Board of Directors;
- Shareholding pattern;
- Contact details of person designated for assisting and handling investor grievances;
- Annual for the year ended September 30, 2013;
- Free float of shares of the Company-On clicking the relevant page exhibits "Not Found"; and
- Last date on which website was updated has not been mentioned.

7. In terms of the Commission's notification SRO 1003 (I)/2015 dated October 15, 2015, the powers to adjudicate cases under the SRO-I read with section 495 of the Ordinance have been delegated to the Director (Corporate Supervision Department). The provisions of sub-section (1) of section 495 of the Ordinance are reproduced as under:

"Where any directive is given or order is issued by the Court, the officer, the Commission, the registrar or the Federal Government under any provision of this Ordinance, non-compliance thereof within the period specified in such direction or order shall render every officer of the company or other person responsible for non-compliance thereof punishable, in addition to any other liability, with fine not exceeding fifty thousand rupees and, in the case of a continuing non-



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compliance, to a further fine not exceeding two thousand rupees for every day after the first during which such non-compliance continues."

8. I have gone through the facts of the case, provisions of the Ordinance, requirements of the SRO-I & II and written reply of the authorized firm as well as submission / pledges of the authorized representatives during the course of hearing, I am of the view that even though there are observations as highlighted in paragraph 6 of the order, the Company has substantially complied with the requirements of SROs. Therefore, taking cognizance of the fact, I hereby conclude the proceedings initiated under section 495 (1) of the Ordinance with a warning to the respondent to be careful in future and ensure meticulous compliance with applicable laws and directions of the Commission within prescribed time.

Before parting with the order, I invoke the provision of section 473 of the Ordinance and direct the respondent to place the information highlighted in paragraph 6 of the order under appropriate heads and submit a compliance certificate as per SRO-I within 10 days from the date of receipt of this order. The Company is also advised to keep the website updated in future.

It may be noted that continued non-compliance with the Commission's direction may render the respondent liable for action under sub-section (2) of section 495 of the Ordinance.

Amina Aziz
Director (CSD)

Announced:
May 31, 2016
Islamabad