



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
Enforcement Department

Before Javed K. Siddiqui, Executive Director (Company Law)

In the matter of
M/s. Tandlianwala Sugar Mills Limited
(Under Sub-section (3) of Section 245 of the Companies Ordinance, 1984)

Number and date of Show cause notice	EMD/Enf-II/365/2005 dated April 06, 2005
Date of hearing	July 14, 2005
Present	Mr. Asad Abbas of S.M. Masood & Co. Chartered Accountants
Date of Order	August 04, 2005

Order

This Order shall dispose of the proceedings initiated against the Directors of M/s. Tandlianwala Sugar Mills Limited (hereinafter referred to as the "Company") for default made in complying with the provisions of Sub-section (1) of Section 245 of the Companies Ordinance, 1984 (the "Ordinance").

2. The facts leading to this case, briefly stated, are that in terms of the provisions of Section 245 of the Ordinance, the Company was required to prepare and transmit to its members, Registrar and simultaneously file with the Commission, its quarterly accounts for the 1st quarter ended on December 31, 2004 by January 31, 2005, whereas the said accounts were filed with the Commission on March 12, 2005 i.e. with a delay of 1 month and 12 days. The failure of the Company to comply with the aforesaid requirement necessitated action against the Directors of the Company in terms of Sub-section (3) of Section 245 of the Ordinance. Consequently, a show cause notice dated April 06, 2005 was issued to all the Directors of the Company including its Chief Executive calling upon them to show cause in writing as to why fine as provided under Sub-section (3) of Section 245 read with Section 476 of the Ordinance may not be imposed upon them.

3. Mr. Ahmad Jehanzeb Khan, General Manager (Finance) of the Company responded to the aforesaid show cause notice vide his letter dated April 18, 2005 which was not found satisfactory. In order to provide an opportunity of hearing, the case was fixed for hearing on June 14, 2005, which was adjourned by the Commission and re-fixed for June 22, 2005 and then to July 14, 2005. On the date of



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hearing, Mr. Asad Abbas, Assistant Manager (Audit), S. M. Masood & Company, Chartered Accountants, appeared on behalf of the Chief Executive and Directors of the Company. During the hearing, Mr. Asad, while admitting the default, contended that the quarterly accounts for the 1st quarter ended December 31, 2004 could not be prepared and filed with the Commission within prescribed time as the Company was not in a position to hold its AGM for the year ended September 30, 2004 within prescribed time for which it was also granted an extension of 30 days by the Commission. He further stated that the delay in finalization of annual accounts for the aforesaid period resulted delay in preparation and circulation of quarterly accounts for the 1st quarter ended December 31, 2004 because the corresponding figures to be incorporated in the quarterly accounts were required to be taken from the aforesaid annual accounts. He requested for condonation of delay involved in submission of quarterly accounts and assured that no such delay would take place in future.

4. I have given due consideration to the written as well as verbal submissions of the respondents and found that the arguments advanced by them do not justify late-submission of quarterly accounts for the quarter ended December 31, 2004 because delay in finalization of annual accounts is not a justifiable excuse for delaying the circulation and filing of quarterly accounts which is a separate mandatory requirement under Section 245 of the Ordinance. Moreover, the AGM of the Company was held on February 28, 2005 for which the annual accounts would have been circulated to the shareholders at least 21 days before the AGM i.e. on February 07, 2005 after approval of the Board of Directors. It means that the said annual accounts were ready in the beginning of February 2005. However, the Company delayed the submission and filing of its 1st quarter accounts till March 12, 2005. It is also pertinent to mention here that the Company has also defaulted in the past by late-submission of annual, half-yearly and quarterly accounts but the Commission always took a lenient view of the matter and delays were condoned. Despite the leniency shown by the Commission and the condonation of earlier delays, the Company did not improve upon its compliance behaviour. After careful consideration of the circumstances of this case and the arguments presented by the representative of the Directors, I am of the view that the delay in submission of quarterly accounts is deliberate and intentional which attracts the penal provisions of Sub-section (3) of Section 245 of the Ordinance. However, since the authorized representative of the Directors has assured me future compliance with provisions of the law, I am, therefore, inclined to take a lenient view in the matter and instead of imposing maximum fine of Rs. 100,000 on every Director and a further fine of Rs. 1,000 per day for the continuous default, I, in exercise of powers conferred upon me under Sub-section (3) of Section 245 read with Section 476 of



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the Ordinance impose a penalty of Rs.20,000 (Rupees twenty thousand only) on the Chief Executive and each of the Directors of the Company. The details of the penalties imposed are as follows: -

S. No.	Name	1 st Quarter Ended 31.12.2004 Penalty (Rupees)
1.	Mr. Haroon Akhtar Khan, Chief Executive	20,000
2.	Mr. Akbar Akhtar Khan, Chairman/ Director	20,000
3.	Mr. Ghazi Akhtar Khan, Director	20,000
4.	Mrs. Rasheeda Begum, Director	20,000
5.	Mrs. Mobina Akbar Khan, Director	20,000
6.	Mrs. Nazli Rafat Jamal, Director	20,000
7.	Mr. Hameed Ullah Khan Paracha, Director	20,000
8.	Mr. Saeed Ullah Khan Paracha, Director	20,000
	Total	160,000

5. The Chief Executive and Directors of M/s. Tandlianwala Sugar Mills Limited are hereby directed to deposit the aforesaid fine totalling to Rs.160, 000/- (Rupees One hundred and Sixty thousand only) in the designated bank account maintained in the name of Securities and Exchange Commission of Pakistan with Habib Bank Limited within thirty days from the receipt of this Order and furnish receipted vouchers or pay by a DD/pay order issued in the name of Commission for information and record, failing which proceedings under the Land Revenue Act,1967 will be initiated which may result in the attachment and sale of movable and immovable property. It may also be noted that the said penalties are imposed on the Chief Executive and other Directors in their personal capacity who are required to pay the said amount from their personal resources.

Javed K. Siddiqui
Executive Director (CL)