



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department-I

Adjudication Division

Before Mahboob Ahmad - Additional Director/Head of Wing

In the Matter of

Agro Allianz Limited

Number and Date of SCN: CSD/ARN/228/2015-24 dated May 4, 2023

Hearing Dates: June 23, 2023, August 11, 2023 & August 21, 2023

Present: NONE

ORDER

UNDER SECTION 237 READ WITH SECTION 479 OF THE COMPANIES ACT, 2017

This Order shall dispose of the proceedings initiated through Show Cause Notice dated May 04, 2023 (the SCN) issued, under Section 237 of the Companies Act, 2017 (the Act) read with Section 479 thereof, to the following directors including the chief executive and Chief Financial Officer (CFO) (collectively referred to as the "Respondents") of Agro Allianz Limited (the "Company").

Sr. #	Name of Respondent
1	Mr. Muhammad Zain Sardar - Chairman
2	Sheikh Ali Baakza - Chief Executive
3	Mr. Abdul Hafeez - Director
4	Mr. Muhammad Saleem Patel - Director
5	Mr. Shah Amin-ul-Haq - Director
6	Ms. Sara Bashir - Director
7	Mr. Safdar Sajjad - Director
8	Mr. Muhammad Khurram - Chief Accountant/ CFO

2. Brief facts of the case are that the Company failed to electronically transmit its quarterly financial statements for the following period within the stipulated time pursuant to Section 237 of the Act read with Circular No. 24 of 2017 (the "Circular"):

Sr. #	Period ended	Filing due on
1	September 30, 2022	October 30, 2022

3. The Respondents, *prima facie*, contravened the provisions of Section 237 of the Act read with the Circular by failing to electronically transmit the aforementioned quarterly financial statements with the Commission within the stipulated time.

4. Consequently, the SCN was issued to the Respondents to show cause in writing as to why penal action may not be taken against them for non-compliance of Section 237 of the Act.



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department - I
Adjudication Division

Continuation Sheet - 1 -

5. The Respondents failed to submit written response to the SCN, hence a hearing opportunity was provided for June 23, 2023. The Respondents neither submitted written response nor attended the hearing on the afore-said date except that Mr. Muhammad Zain Sardar, Chairman submitted the following written reply dated June 22, 2023 (received in this office on June 26, 2023):

"It is submitted that the management is committed to completing all compliance requirements. The delay in compliance occurred due to change in management from one shareholder group to another shareholder group. Financial statements for year ending June 30, 2019 have been duly submitted to SECP as well as PSX.

Preparation and finalization of financial statements are in process. In order to finalize the interim and yearly financial statements the sponsor shareholders are working with management which is taking some time.

It is requested to allow the management to complete the formalities related to preparation approval and filing of financial statements. Therefore, management commits that all compliance related matters will be resolved in the shortest period."

6. Subsequently, hearing was re-fixed for August 11, 2023, however, the Respondents failed to appear in person or through an authorized representative.

Nonetheless, in order to provide a final opportunity to the Respondents to present the case, hearing was re-scheduled for August 21, 2023 vide notice dated August 17, 2023 wherein it was explicitly stated that in case Respondents failed to appear in person or through their authorized representative, the Commission will proceed to issue an *Ex-parte Order* on the basis of material available on record. The Respondents failed to appear on the date fixed for hearing.

The detailed status of the hearings fixed is tabularized as follows:

Sr. #	Date of Hearing	Status
1	June 23, 2023	No one appeared on behalf of the Respondents
2	August 11, 2023	No one appeared on behalf of the Respondents
3	August 21, 2023	No one appeared on behalf of the Respondents

In view of the above, I am constrained to conclude the proceedings based on the information available on record.

7. The relevant provisions of the Act stipulate as under:

Sub-section (1) of Section 237 of the Act read with the Commission's Circular No. 24 dated October 19, 2017 entails:



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department - I
Adjudication Division

Continuation Sheet - 2 -

- 1) Every listed company shall prepare quarterly financial statements within a period of :-
 - a) thirty days from the close of first and third quarters of its year of accounts; and
 - b) sixty days from the close of its second quarter of its year of accounts.

- 2) The quarterly financial statements shall be posted on the company's website for the information of its members and also be transmitted electronically to the Commission, securities exchange and with the registrar within the period specified under sub-section (1).

Sub-section (4) of Section 237 read with Section 479 of the Act stipulates that:

If a company fails to comply with any of the requirements of this section, every director, including chief executive and chief financial officer of the company who has by his act or omission been the cause of such default shall be liable to a penalty of level 2 on the standard scale.

8. As regards the matter at hand, I have analyzed the facts of the case, relevant provisions of the Act, records available with the Commission, written reply of Company's chairman to the SCN; the aforementioned provisions of the law are unambiguous and explicit. The fact that the timing of quarterly financial statements is of essence, the disclosure requirements of these quarterly financial statements have been kept to a bare minimum. Quarterly financial statements prepared accurately and in a timely manner provide to its users a reliable source of information regarding a Company's financial position and performance, besides illustrating the results of the management's stewardship of resources entrusted on to it. In order to ensure transparency, all companies must meticulously adhere to the law for preparation and circulation of interim financial statements.

Moreover, the Respondents have fiduciary duties towards the Company and its shareholders while providing information to various stakeholders concerning their performance as to how diligently and ethically they are discharging their fiduciary duties and responsibilities. The Respondents are obliged to ensure that such mechanisms are in place and appropriate actions be taken whereby financial reporting of the company is timely achieved, whilst ensuring due compliance of the law.

9. It is pertinent to note that the preparation and circulation of quarterly financial statements with the Respondents who are required to take appropriate action within the statutory timeframes.

In this context, perusal of Company records reveals that the Respondents failed to electronically transmit the Company's quarterly financial statements for the period ended September 30, 2022 pursuant to the Circular; likewise, the Company's has poor compliance history with regard to transmission of quarterly financial statements.



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department - I
Adjudication Division

Continuation Sheet - 3 -

10. In view of the preceding facts, I have come to the conclusion that the pertinent provisions of the Act have been violated which renders Respondents liable to penal action in terms of Section 237 of the Act as a result of failing to electronically transmit the Company's quarterly financial statements for the period ended September 30, 2022 with the Commission within the statutory timeframes.

Therefore, in exercise of powers conferred under sub-section (4) of Section 237 of the Act, I hereby impose penalties on the Respondents for the aforementioned default period as follows:

Sr. #	Name of Respondent	Amount in Rupees
1	Mr. Muhammad Zain Sardar - Chairman	10,000
2	Sheikh Ali Baakza - Chief Executive	10,000
3	Mr. Abdul Hafeez - Director	10,000
4	Mr. Muhammad Saleem Patel - Director	10,000
5	Mr. Shah Amin-ul-Haq - Director	10,000
6	Ms. Sara Bashir - Director	10,000
7	Mr. Safdar Sajjad - Director	10,000
8	Mr. Muhammad Khurram - Chief Accountant/ CFO	10,000
TOTAL		80,000

11. The aforementioned penalties must be deposited in the designated bank account maintained with MCB Bank Limited or United Bank Limited in the name of the *Securities and Exchange Commission of Pakistan* within thirty (30) days from the receipt of this Order, and duly deposited bank challan shall be furnished to the Commission. In case of non-deposit of the penalties, proceedings for recovery under Section 485 of the Act as arrears of land revenue will be initiated. It may also be noted that the penalties have been imposed on the Respondents in their personal capacity; therefore, they are required to pay the said amount from personal resources.

12. Nothing in this Order may be deemed to prejudice the operation of any provisions of the Act providing for imposition of penalties on Respondents in respect of any default, omission or violation thereof.

MAHBOOB AHMAD

Additional Director/ Head of Wing
Listed Companies, Adjudication Department - I

Announced:

August 22, 2023

Islamabad