



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department- I Adjudication Division

Before

Mahboob Ahmad – Additional Director/Head of Wing

In the Matter of

Abdullah Shah Ghazi Sugar Mills Limited

Number and Date of SCN: CSD/ARN/304/2016-185 dated March 28, 2024

Date of Hearing: May 2, 2024

Present: Mr. Rashid Sadiq – RS Corporate Advisory
(Authorized Representative)

ORDER

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

This Order shall dispose of the proceedings initiated against the Board of Directors including the chief executive and chief financial officer (collectively referred to as the **Respondents**) of Abdullah Shah Ghazi Sugar Mills Limited (**the Company**) through Show Cause Notice (**the SCN**) dated March 28, 2024 issued under Section 237 read with Section 479 of the Companies Act, 2017 (**the Act**).

2. Brief facts of the case are that the Respondents failed to prepare and file/transmit through eServices with the Registrar/Commission, its Quarterly Financial Statements (**QFS**) for the following period within the stipulated time:

| S.No. | Period ended | Due on |
|-------|-------------------|------------------|
| 1 | December 31, 2023 | January 30, 2024 |

The Company vide application dated January 31, 2024 sought extension of thirty (30) days for submission of the aforesaid quarterly accounts, which the Commission did not accede to through its letter dated February 14, 2024 advising the Company to duly comply with the provisions of the Act.

3. Moreover, the QFS for the said period were also not posted on the Company's website. The Respondents, hence, *prima facie*, contravened the provisions of Section 237 of the Act read with the Commission's Circular No. 11 dated August 11, 2023 (**the Circular**) by failing to prepare and file/transmit through eServices with the Registrar/Commission the afore-mentioned periodic financial statements within the stipulated time.

4. Consequently, the SCN was issued to 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. The Respondents, however, has not submitted written response to the SCN.

5. In order to accord an opportunity of personal representation to the Respondents, a hearing in the matter was held before the undersigned on May 2, 2024 wherein Mr. Rashid Sadiq, CEO of RS Corporate Advisory appeared on behalf of the Respondents as their Authorized Representative (**the Representative**).

Over the course of the hearing, the Representative attributed the delay in filing of QFS for the period ended December 31, 2023 to the resignation of Company's auditors. As a result, the Company through its application dated January 31, 2024 applied for an extension of 30 days for submission of



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the aforesaid QFS, which the Commission did not accede to vide letter dated February 14, 2024 advising the Company to duly comply with the provisions of the Act. The Representative asserted that due to non-finalization of annual audited accounts of Company due to resignation of auditor, it held its AGM for financial year 2023 on February 23, 2024 and subsequently filed its QFS for period ended December 31, 2023 with the registrar on March 4, 2024.

In conclusion, the Representative requested to take a lenient view in the matter by considering the afore-narrated facts coupled with the Company's otherwise satisfactory compliance history with respect to filing of QFS, whilst giving a binding assurance of future adherence to all the statutory obligations on behalf of the Respondents.

6. Before proceeding further, it is necessary to advert to the relevant provisions of the law: Sub-section (1) of Section 237 of the Act read with the Circular entails:

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.

7. I have reviewed the facts of the case, considered the written as well as verbal submissions made by the Respondents/Representative, the applicable legal provisions and state that QFS filing is a regulatory obligation for listed companies that helps ensure transparency. The provisions of Section 237 of the Act are unambiguous and explicit. The timing of the QFS is of essence and disclosure requirements of these QFS have been kept to a bare minimum. QFS prepared accurately and in a timely manner not only provide to its users a reliable source of information regarding a Company's financial position. In order to ensure compliance, the Respondents have fiduciary duty to ensure that the Company meticulously adheres to the law for preparation and filing/transmission of the QFS in a timely manner.

8. In view of the preceding facts, I have come to the conclusion that the provisions of Section 237 of the Act read with the Circular have been violated, as a result of filing through eServices with the Registrar the Company's QFS for period ended December 31, 2023 with a delay of 33 days. Hence, the violation of Section 237 of the Act read with the Circular is attracted for the cited default.

I have also considered the Representative point of view, that the QFS for the subsequent period, i.e., quarter ended December 31, 2023 were delayed due to appointment of the Company's new auditors on September 19, 2023 resulting in late receipt of audited accounts from them, which in turn led to delay in convening of the Company's AGM for financial year ended September 30, 2023 held on February 23, 2024.



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Therefore, I hereby conclude the proceedings with a warning to the Respondents reminding them to adhere to their fiduciary duties and responsibilities towards all stakeholders. The Respondents are also advised to ensure meticulous compliance with their statutory obligations including filing/transmitting of QFS within the stipulated timeframe, and warrant all practical efforts to prevent any non-compliance moving forward.

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

A handwritten signature in blue ink is written over a horizontal line. The signature is stylized and appears to read 'Mahboob Ahmad'.

MAHBOOB AHMAD

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

Announced:
June 28, 2024
Islamabad

