



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department- I

Adjudication Division

Before

Shahzad Afzal Khan - Director/ Head of Department

In the Matter of

Burshane LPG (Pakistan) Limited

Number and Date of SCN: CSD/ARN/344/2016-132 dated March 07, 2024

Dates of Hearing: May 07, 2024

Present: Mr. Safiee Zakiuddin, Director; Mr. Khurram Kasbati, CFO;
and Mr. Daniyal Mughal, Company Secretary

ORDER

UNDER SECTIONS 226 AND 236 OF THE COMPANIES ACT, 2017 READ WITH REGULATION 226(5) AND 479 THEREOF

This Order shall dispose of the proceedings initiated by the Securities and Exchange Commission of Pakistan (the Commission) against Board of Directors of Burshane LPG (Pakistan) Limited (the Company) (collectively referred to as the Respondents) through Show Cause Notice CSD/ARN/344/2016-132 dated March 07, 2024 (the SCN) issued under sections 226 and 236 of the Companies Act, 2017 (the Act) read with sections 226(5) and 479 thereof.

2. Brief facts of the case are that:

- (i) review of annual accounts of the Company for the year ended June 30, 2023 (the Accounts) submitted to the Securities and Exchange Commission of Pakistan (the Commission) and published on Pakistan Stock Exchange (the PSX) revealed that the Company attached the directors' report for the year ended June 30, 2022 (FY 2022) with the Accounts instead of that for the year ended June 30, 2023 as required under section 226, 227 and 236 of the Act.
- (ii) the Commission vide letter dated January 16, 2024 sought comments of the Company regarding aforesaid violation. The Company vide letter dated February 15, 2024 stated that this is an unintentional mistake on its part and was overlooked by it due to lack of time. However the correct directors' report has been updated on Company's website.
- (iii) it appears from the aforesaid that the Company, *prima-facie*, circulated the Accounts without attaching thereto the directors' reports for the relevant year in contravention of requirements prescribed in section 236 of the Act. It further appears that the Company, *prima-facie*, failed to prepare the director's report for the year ended June 30, 2023 at the time of circulation of Accounts thereby contravening the requirements under section 226(1) of the Act.



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3. In order to take cognizance of the aforesaid contraventions, SCN was issued to the Respondents requiring to show cause as to why penalty may not be imposed on them for the aforesaid non-compliances. The Respondents vide letter dated March 15, 2024, *inter alia*, submitted that:

- i. *"In English version directors' report for the year ended June 30, 2023, the only matter under the heading "Financial Performance" was mistakenly copied from the directors' report for the year ended June 30, 2022. The Company prepared directors' report for the year ended June 30, 2023 at the time of circulation of the accounts and the correct matter was published in Urdu version directors' report.*
- ii. *We received financials from our statutory auditors at the last moment and have provided them the correct directors' report. The same was provided to the annual financial book creator but mistakenly he was unable to update accordingly and unintentionally it was overlooked by us due to lack of time."*

4. In order to provide opportunity of personal representation, hearing in the matter was fixed for May 07, 2024, wherein Mr. Safiee Zakiuddin, Director; Mr. Khurram Kasbati, CFO; and Mr. Daniyal Mughal, Company Secretary, appeared on behalf of the Respondents as their Authorized Representatives (the **Representatives**) and submitted that:

- The Reply to SCN vide letter dated March 15, 2024 is reiterated;
- English version of financial performance portion, only, in directors' report was copied as that of last year i.e. June 30, 2022 and the mistake was overlooked. Further the correct matter of directors' report was published in Urdu version; and
- Annual report with correct version of directors' report was circulated however the old version with directors' report of previous year is placed at PSX.

5. Subsequent to the hearing, the company secretary submitted the copies of directors' report of the Company for the years ended June 30, 2021, June 30, 2022 and June 30, 2023 vide email dated May 07, 2024.

6. Relevant provisions of the Act are reproduced hereinunder:

"226. Duty to prepare directors' report and statement of compliance.—(1) The board shall prepare a directors' report for each financial year of the company.

(5) Any contravention or default in complying with requirements of this section shall be an offence liable to a penalty of level 1 on the standard scale.

236. Penalty for improper issue, circulation or publication of Financial Statements.—If any copy of financial statements is issued, circulated or published without there being annexed or attached thereto, as the case may be, a copy each of (i) any component of financial statements, reports or statements referred therein, (ii) the auditors' report, (iii) review reports on the statement of compliance, (iv) the directors' report and (v) the statements of compliance, the company, and every officer of the company who is in default shall be liable to a penalty of level 1 on the standard scale."



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7. I have considered the facts of the case in light of the relevant provisions of applicable legal framework, and the information available on record and state that the Respondents are required to comply with regulatory requirements, and one such requirement is preparation of directors' report and attaching the same with the financial statements of the Company. The directors' report is considered essential for providing transparency to the stakeholders as it discloses relevant information about company's performance, strategy and risks. It ensures accountability by outlining the board's decisions and actions throughout the reporting period and also helps investors in making informed decisions about their investments.

It is pertinent to highlight here that the Representatives during the hearing changed the stance submitted in writing vide letter dated February 15, 2024, to the Commission, wherein the Company admitted the default by stating that *"the Directors' report attached to the financial statements shared with you earlier and published on PSX website pertains to the year 2022 instead of 2023. This mistake was not intentional and overlooked by us due to lack of time."*

In addition to the above and considering the contents of SCN, written reply by the Respondents and verbal submissions by the Representatives, following issues were framed before me which are addressed below in light of the applicable provisions of law to conclude the proceedings on hand:

- a. **Whether the mistake by publisher absolve directors from their responsibility:**
No, the mistake in publishing directors' report of previous year along with the Accounts does not absolve the directors of their fiduciary responsibility to ensure that the correct and final version of director's report and annual report is submitted to the Commission and published at PSX.
- b. **Whether only the matter under "financial performance" is same in English versions of directors' reports for the years ended June 30, 2022 and June 30, 2023 published at PSX and submitted to the Commission:**
No, the English versions of complete directors' reports for the years ended June 30, 2022 and June 30, 2023 placed at PSX are exactly the same and the plea of the Representatives that only the matter under "financial performance" in directors' report for the ended June 30, 2023 was printed as that of FY 2022, is not based on facts.
- c. **Whether the directors' report updated in the Accounts published at PSX:**
No, updated version of the directors' report published at PSX along with the Accounts has not been updated by the Company and still the directors' report for FY 2022 is attached along with Accounts.
- d. **Whether the Urdu Version of the directors' report of relevant period was correctly placed at PSX:**
Yes, the Urdu version of directors' report relating to the year ended June 30, 2023 was attached with the Accounts and the Urdu version of directors' report relating to year ended June 30, 2023 is correctly placed along with the Accounts at PSX.



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8. In view of the preceding facts, I am of the considered view that by submitting the Accounts to the Commission and publishing the same without attaching thereto the English version of the directors' report for the relevant year, the Respondents have contravened the provisions of section 226 of the Act and the same has been admitted by the Respondents and the Representatives. I, therefore, in exercise of the powers conferred under sub-section (5) of section 226 and section 479 of the Act, I hereby impose an aggregate penalty of **Rs. 20,000 (Rupees Twenty Thousand Only)** on the Respondents who have signed the directors' report for the year ended June 30, 2023, in the following manner and and Warn all the remaining Respondents and advise them to ensure meticulous compliance of the applicable legal and regulatory framework in future:

Sr. #	Name of Directors	Penalty (Rs.)
1.	Mr. Asad Alam Niazi	10,000
2.	Mr. Saiffee Zakiuddin	10,000
Total		20,000

9. The Respondents are, hereby, directed to deposit the aforesaid amount of penalty in the designated bank account maintained in the name of the Commission with MCB Bank Limited or United Bank Limited within thirty (30) days from the date of this Order and to furnish a receipted bank challan to the Commission forthwith. In case of failure to deposit the penalty, the proceedings under Section 485 of the Act will be initiated for recovery of the fines as arrears of land revenue.

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

Shahzad Afzal Khan
Director/ HOD
Adjudication Department-I

Announced:
May 24, 2024
Islamabad.