



Before Dr. Sajid Qureshi, Executive Director (Company Law)

In the matter of
M/s. Saleem 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/359/2005 dated September 23, 2005
Date of hearing	November 10, 2005
Present	1) Mr. Fazal Muhammad, Company Secretary 2) Mr. Muhammad Azeem, Director
Date of Order	November 30, 2005

Order

This Order shall dispose of the proceedings initiated against the Directors of M/s. Saleem 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 and simultaneously file with the Registrar and the Commission its quarterly accounts for the 3rd quarter ended June 30, 2005 by July 31, 2005. The Company failed to file the aforesaid accounts with the Commission within prescribed time and the same were actually received on August 20, 2005 i.e. with a delay of 20 days. Consequently, a show cause notice dated September 23, 2005 was served on all the Directors including the Chief Executive of the Company, calling upon them to show cause as to why penalties as provided under Sub-section (3) of Section 245 read with Section 476 of the Ordinance may not be imposed on them. The said notice was responded by M/s. Anwar-ur-Rehman, Chairman and Mujeeb-ur-Rehman, Chief Executive of the Company vide their letter dated September 30, 2005 which was examined, however, the reply was not found satisfactory.

3. In order to give an opportunity of personal hearing, the case was fixed on October 24, 2005 but due to unavoidable circumstances, the hearing was adjourned and re-fixed for November 10, 2005.



On the date of hearing, Mr. Fazal Muhammad, Company Secretary and Mr. Muhammad Azeem, one of the directors of the company appeared on behalf of all the directors of the company. During the course of hearing, while admitting the default, the representatives of the Company reiterated the same arguments as were advanced in the written reply dated September 30, 2005 with reference to the show cause notice. They contended that the accounts could not be filed in time as during the period under review, the NAB authorities raided their Offices frequently in a false case instituted against the Company regarding full and final settlement of outstanding loans obtained from Islamic Investment Bank. They further stated that the case was later on withdrawn by NAB as they failed to prove allegations. It was further submitted that there were raids on the residences of the directors resulting arrest of one of the director. They added that the offices of the company also remained closed due to continuous fear and harassment. The Company Secretary contended that the delay also occurred due to his illness as he being a diabetic patient remained hospitalized during this period. He contended that they have now cleared all the loans to the banks. However, there is no production at present, the management is looking for another party/partner and is planning to convert the company to a private company.

4. The explanation furnished by the representatives of the Company has been examined and not found cogent because similar reasons were furnished by them for the previous defaults also. However, the earlier defaults were condoned on the assurance of the company secretary that they will not commit any default in future. It is the duty of the Directors of the Company to ensure compliance with all the statutory requirements. Accordingly, the Directors of the Company are responsible for timely preparation and submission of quarterly accounts to its members and file the same with the Registrar and the Commission within prescribed time period. Since the representatives of the directors have failed to furnish any cogent reason to justify the default, therefore, the delay is considered willful and intentional. The track record of the Company with regard to filing of annual, half yearly and quarterly accounts is also very poor. This led me to believe that the Directors have no respect for law and they have again deprived the shareholders of their statutory right to receive the quarterly accounts of the Company within the prescribed time limit. Had there been serious efforts on the part of the Directors to manage the timely finalization of accounts, there would have been no delay in preparation/circulation of the aforesaid accounts. The responsibility for preparation and circulation of accounts rests with the Directors of the Company and in case they do not take appropriate action at appropriate time the default is considered willful.



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
Enforcement Department

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5. Although the default is established, yet keeping in view the fact that the Company has filed the aforesaid quarterly accounts though with delay, I am 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 impose a fine of Rs. 10,000/- (Rupees ten thousand only) under Sub-section (3) of Section 245 of the Ordinance on the Chief Executive and each of the directors of the Company. The detail of the penalties imposed is as follows:-

S. No.	Name	Penalty (Rupees)
1.	Mr. Mujeeb-ur-Rehman, Chief Executive	10,000
2.	Mr. Anwar-ur-Rehman, Director	10,000
3.	Mr. Muhammad Sharif, Director	10,000
4.	Mr. Khanzad Gul, Director	10,000
5.	Mr. Muhammad Azeem, Director	10,000
6.	Mr. Israr-ud-Din, Director	10,000
7.	Mr. Mehmood Shah, Director	10,000
	Total	70,000

6. The Chief Executive and other directors of M/s. Saleem Sugar Mills Limited are hereby directed to deposit the aforesaid fines in the designated bank account maintained in the name of Securities and Exchange Commission of Pakistan with Habib Bank Limited or pay through a demand draft in the name of Securities and Exchange Commission of Pakistan within thirty days from the receipt of this Order and furnish receipted vouchers to the Commission failing which proceedings for recovery of the fines as an arrear of land revenue will be initiated. It should also be noted that the said penalty is imposed on the Chief Executive and directors of the company in their personal capacity, therefore, they are required to pay the said amounts from their personal resources.

Dr. Sajid Qureshi
Executive Director (Company Law)