



# SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

EMD/Enf-II/18/2008 - ۷۰ & ۷

July 3, 2009

S.No	Name	Address
1	Mr. S.M Ahmed, Chief Executive	
2	Mst. Zubaida Khatoon, Director	
3	Mr. Abdul Salam, Director	S.G Power Limited
4	Mr. Mohammad Hanif, Director	B-40, S.I.T.E
5	Mst. Ghazala Ahmed, Director	Karachi
6	Mrs. Tania Asim, Director	
7	Mr. Rafiq Ahmed, Director	

SUBJECT: ORDER IN THE MATTER OF S.G POWER LIMITED UNDER SUBSECTION 3 OF SECTION 245 READ WITH SECTION 476 OF THE COMPANIES ORDINANCE, 1984

Dear Sir/Madam,

I am directed to enclose herewith an Order dated July 03, 2009 passed by Mr. Tahir Mahmood, Executive Director (Enforcement) of the Securities and Exchange Commission of Pakistan, Islamabad.

Rohail Ahmed Abbasi  
Assistant Director (Enforcement)

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# SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

*Before Tahir Mahmood, Executive Director (Enforcement)*

*In the matter of*

**M/s. S.G Power Limited**

(Under Sub-section (3) of Section 245 of the Companies Ordinance, 1984)

No. & date of show cause notice	EMD/Enf-II/18/2008 dated August 8, 2008
Date of hearing	June 15, 2009
Present	Mr. M.Javed Panni (Authorized Representative)

## Order

This Order shall dispose of the proceedings initiated against the directors of M/s. S.G Power 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 the members and simultaneously files with the Registrar and the Commission its quarterly accounts for the 1<sup>st</sup> quarter ended September 30, 2007, 2<sup>nd</sup> quarter ended December 31, 2007 and 3<sup>rd</sup> quarter ended March 31, 2008, with in a period of one, two and one month of the close of said quarters i.e. by Oct 31, 2007, Feb 29, 2008 and April 30, 2008 respectively. The Company failed to file the aforesaid quarterly accounts with the Commission within prescribed time and the same were actually received with a delay of 127, 166 and 168 days respectively. Consequently, a show cause notice dated August 8, 2008 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 for the aforesaid contravention. The Chief Executive and other directors, however, did not respond to the aforesaid show cause notice. In order to provide an opportunity of personal hearing the matter was fixed on June 15, 2009.

3. On the date of hearing, Mr. M.Javed Panni ("Authorized Representative") appeared before me on behalf of all the directors to argue the case. During the course of hearing, while admitting the default, he contended that the Company had suffered heavy cash losses which have forced the management to suspend its operations and lay off factory and head office staff. The accounts staff

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*Enforcement Department*

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also left the office, in this situation the Company was not able to prepare quarterly accounts on time. He requested for taking a lenient view of the default as it occurred due to the circumstances of the Company.

4. I have gone through the record of the Company and have given due consideration to the submissions by the Authorized Representative. However, I believe that closure of mill of the Company is not a cogent reason for non submission of quarterly accounts to the shareholders. In such circumstances it becomes more important for the share holders that they receive timely information about the affairs of the Company. It is the duty of the directors to ensure compliance with all the statutory requirements; furthermore, directors of the Company are responsible for timely preparation and circulation/submission of quarterly accounts to its members, registrar and the commission. However, in the instant case the directors have failed to prepare and file/circulate quarterly accounts with in time. Thus the Directors have deprived the shareholders of their statutory right to receive the quarterly accounts in time. I am, therefore, constrained to believe that the Company and its directors including the Chief Executive have willfully and deliberately committed the defaults in preparation, circulation and filing of aforesaid quarterly accounts, which is established from the record.

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 for each quarter, I impose a fine of Rs. 100,000 (Rupees one hundred thousand only) on Mr. S. M Ahmed the Chief Executive of the Company only under Sub-section (3) of Section 245 of the Ordinance, other directors are strictly warned to be careful in future. I hope that directors of the Company will react positively to this lenient view and ensure compliance with mandatory provisions of the Ordinance in future.

The Chief Executive of the Company is hereby directed to deposit the aforesaid fine of Rs.100,000/- (Rupees one hundred thousand only) in the designated bank account maintained in the name of Securities and Exchange Commission of Pakistan with MCB 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



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*Enforcement Department*

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property. It may also be noted that the said penalties are imposed on the Chief Executive in his personal capacity and are required to pay the said amount from his personal resources:

**Tahir Mahmood**  
Executive Director (Enforcement)

**Announced**  
July 03, 2009  
Islamabad