



Securities and Exchange Commission of Pakistan

Adjudication Division Adjudication Department

Before

Amir M. Khan Afridi, Director/HOD (Adjudication-I)

In the matter of Show Cause Notice issued to Shakarganj Limited

Date of Hearing

December 07, 2021, December 22, 2021

Order-Redacted Version

Order dated April 21, 2022 was passed by Director/Head of Department (Adjudication-I) in the matter of Shakarganj Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated April 27, 2021
2. Name of Company	Shakarganj Limited
3. Name of Individual*	The proceedings were initiated against Shakarganj Limited and its directors.
4. Nature of Offence	Under Section 228 of the Companies Act, 2017 read with Section 479 thereof.
5. Action Taken	<p>Key findings were reported in following manner:</p> <p>I have gone through the facts of the case, the written and verbal submission by the Respondents and the provisions of Section 228 of the Act and observed that the aforesaid, legal provisions are very much clear and require that financial statements of a holding company having a subsidiary or subsidiaries, shall attach consolidated financial statements of the group presented as those of a single enterprise at the end of the financial year at which the holding company's financial statements are made out. The Respondents have acknowledged that Company's shareholding in SFPL increased to 52.39% from 49.24% and the Company did not classify this investment as investment in subsidiary company in its financial statements for the year ended 30 September 2018; and from 2020 onwards the Company has started preparing consolidated financial statements. Moreover, the auditors of the Company opined after conversation with Technical Services Department of ICAP, that in view of more than 50% voting shares of SFPL being held the Company, SFPL is a subsidiary of the Company and consolidated accounts should be prepared as per the requirements of Section 228 of the Act. Hence after careful consideration of all the facts of the case, I am of the considered view that the Respondents have contravened the provisions of subsection (1) of Section 228 of the Act which attract applicability of the penal provisions contained in sub-section (8) of Section 228 of the Act read with Section 479 thereof. Therefore, in exercise of the powers conferred under Section 228(8) of the Act, I hereby impose a</p>



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	<p>cumulative penalty of Rs. 50,000 (Rupees fifty thousand only, on the Company. Remaining Respondents are advised to ensure compliance of relevant laws in true letter and spirit in future.</p> <p>Nothing in this Order may be deemed to prejudice the operation of any provision of the Act providing for imposition of penalties in respect of any default, omission, violation of the Act.</p>
6. Penalty Imposed	A Penalty of Rs. 50,000/- (Rupees fifty thousand only) was imposed on the Company.
7. Current Status of Order	No appeal has been filed by the respondents.