

Before Amir Saleem – Additional Director/Head of Wing

In the Matter of Show Cause Notice issued to Dandot Cement Company Limited

Dates of Hearing: January 21, 2021, February 15, 2021 & February 24, 2021

Order - Redacted Version

Order dated March 8, 2021 was passed by Additional Director/Head of Wing (Adjudication-I) in the matter of Dandot Cement Company Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated December 23, 2020
2. Name of Company	Dandot Cement Company Limited
3. Name of Individual*	The proceedings were initiated against the directors, chief executive and chief financial officer of the Company.
4. Nature of Offence	<p>Proceedings were initiated in terms of Section 237 of the Companies Act, 2017 (the Act) read with Section 479 thereof.</p> <p>Brief facts of the case are that the Company failed to electronically transmit its interim financial statements for period ended September 30, 2020 with the Commission within the stipulated time pursuant to Section 237 of the Act read with the Commission's Circular No. 24 dated October 19, 2017:</p>
5. Action Taken	<p>Key findings were reported in the following manner:</p> <p>I have analyzed the facts of the case, relevant provisions of the Act and the information available on record. The aforementioned provisions of the law are unambiguous and explicit. The fact that timing of interim financial statements is of essence, the disclosure requirements of these accounts have been kept to a bare minimum. Interim financial statements prepared accurately and in a timely manner provide to its users a reliable source of information regarding a Company's financial position and performance, besides illustrating the results of the management's stewardship of resources entrusted on to it.</p> <p>In order to ensure transparency, all companies must meticulously adhere to the law for preparation and circulation of interim financial statements. Moreover, directors have fiduciary duties towards the Company and its shareholders while providing information to various stakeholders concerning their performance as to how diligently and ethically they are discharging their fiduciary duties and responsibilities. Directors are obliged to ensure that such mechanisms are in place, and appropriate actions be taken, whereby financial and operational reporting of the company is timely achieved, whilst ensuring due compliance of the law. It is pertinent to note that Respondents have deprived the shareholders of their statutory right to receive the interim financial statements of the</p>

	<p>Company within the prescribed time. The preparation and circulation of quarterly accounts rests with the directors of the Company who are required to take appropriate action within the time stipulated under the law.</p> <p>In view of the preceding facts, I have concluded that the pertinent provisions of the statute have been violated, and Respondents are liable to penal action in terms of Section 237 of the Act as a result of failing to electronically transmit the Company's interim financial statements for the period ended September 30, 2020 with the Commission within the statutory timeframe pursuant to Section 237 of the Act read with the Commission's Circular No. 24 dated October 19, 2017.</p>
6. Penalty Imposed	Penalty aggregating Rs. 80,000/- (Rupees eighty thousand only) was imposed on the Respondents.
7. Current Status of Order	No Appeal has been filed by the Respondents.

Redacted version issued for placement on website of the Commission.