



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department- I

Adjudication Division

Before

Mahboob Ahmad - Additional Director/Head of Wing

In the Matter of

Sakrand Sugar Mills Limited

Number and Date of SCN: CSD/ARN/475/2017-228 dated September 13, 2023

Hearing Date: October 24, 2023

Present: Mr. Muhammad Imran Akbar, Company Secretary

ORDER

UNDER SECTION 237 READ WITH SECTION 479 OF THE COMPANIES ACT, 2017

This Order shall dispose of the proceedings initiated by the Securities and Exchange Commission of Pakistan (the "Commission") through Show Cause Notice dated September 13, 2023 (the "SCN") issued, under Section 237 of the Companies Act, 2017 (the "Act") read with Section 479 thereof, to the Chief Executive Officer ("CEO"), the directors and the Chief Financial Officer ("CFO") (collectively referred to as the **Respondents**) of Sakrand Sugar Mills Limited (the "Company").

2. Brief facts of the case are that the Company failed to electronically transmit its quarterly financial statements for the following periods with the Commission within the stipulated time pursuant to Section 237 of the Act read with Circular No. 24 of 2017 (the "Circular"):

Period ended	Transmission due on	Date of Transmission	Delay in Transmission (days)
March 31, 2022	May 30, 2022	November 25, 2022	179
June 30, 2022	July 30, 2022	December 26, 2022	149
December 31, 2022	January 30, 2023	May 11, 2023	101
March 31, 2023	May 30, 2023	July 07, 2023	38

3. The Commission through email dated July 18, 2023 sought clarification on delayed transmission of the quarterly financial statements from the Company. The Company vide its reply dated July 26, 2023 informed that delay in transmission of quarterly financial statements for the periods tabulated above is due to late holding of AGMs for the years ended September 31, 2021 and September 31, 2022.



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4. The Respondents contravened the provisions of Section 237 of the Act read with the Circular by failing to electronically transmit the aforementioned quarterly financial statements with the Commission within the stipulated time. Consequently, the SCN was issued to the Respondents to show cause in writing as to why penal action may not be taken against them for non-compliance of Section 237 of the Act.

5. The Respondents vide letter dated September 15, 2023 submitted written response, extracts of which are given below:

- During financial year (FY) 2021-22, five directors and two CFOs resigned due to which time schedule of AGMs and finalization of quarterly and annual financial statements was disrupted;
- Company has complied with the relevant legal requirement in the current period and quarterly financial statement for the quarter ended June 30, 2023 were transmitted to the commission on July 27, 2023.

6. In order to provide an opportunity of personal representation, a hearing in the matter was fixed for October 24, 2023, wherein Mr. Muhammad Imran Akbar, Company Secretary appeared on behalf of the Respondents as their authorized representatives (AR). The AR during the hearing reiterated the written submissions made through letter dated September 15, 2023 and further stated that:

- After resignation of directors, priority was set to fill in the casual vacancies that were gradually filled till July 13, 2022;
- Next priority was holding of overdue AGM for FY 2021. The delay in holding aforesaid AGM resulted delay in transmission of all four alleged quarterly financial statements;
- Quarterly financial statements for subsequent quarters are being timely transmitted, therefore, requested lenient view and waiver of penalty, while ensuring meticulous compliance in future.

7. The relevant provisions of the Act stipulate as under:

Sub-section (1) of Section 237 of the Act read with the Commission's Circular No. 24 dated October 19, 2017 entails:

- 1) Every listed company shall prepare quarterly financial statements within a period of :-
 - a) thirty days from the close of first and third quarters of its year of accounts; and
 - b) sixty days from the close of its second quarter of its year of accounts.
- 2) The quarterly financial statements shall be posted on the company's website for the information of its members and also be transmitted electronically to the Commission, securities exchange and with the registrar within the period specified under sub-section (1).



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Sub-section (4) of Section 237 read with Section 479 of the Act stipulates that:
If a company fails to comply with any of the requirements of this section, every director, including chief executive and chief financial officer of the company who has by his act or omission been the cause of such default shall be liable to a penalty of level 2 on the standard scale.

8. As regards the matter at hand, I have analyzed the facts of the case, relevant provisions of the Act, records available with the Commission, written reply and verbal submissions by the AR and state that:

- a) In the instant matter, it is observed that the casual vacancies created during FY 2022 due to resignation of five directors were filled in during the same year. Further the current CFO was appointed on April 28, 2021 i.e. well before the due date for transmission of aforesaid quarterly financial statements.
- b) The preparation and circulation of quarterly financial statements within the statutory timeframes rest with the Respondents. In this context, perusal of Company records reveals that the Respondents failed to electronically transmit the Company's quarterly financial statements for the periods ended March 31, 2022, June 30, 2022, December 31, 2022 and March 31, 2023 pursuant to Section 237 of the Act and Circular within the prescribed time. However, transmitted the aforesaid quarterly financial statements with a delay ranging from 38 days to 179 days. Further, the said non-compliance has been admitted by the AR in its written response dated September 15, 2023 as well as in verbal submissions during the hearing. The aforesaid delay in transmission of quarterly financial statements by the Respondents has deprived the shareholders of their statutory right to receive quarterly financial statement of the Company within the prescribed time.

9. The aforementioned provisions of section 237 of the Act are unambiguous and explicit. The timing of quarterly financial statements is of essence and the disclosure requirements of these quarterly financial statements have been kept to a bare minimum. Quarterly financial statements prepared and transmitted in a timely manner not only provide to its users a reliable source of information regarding a company's financial position and performance but also shows the results of the management's stewardship of resources entrusted to it. It is the responsibility of the Respondents to oversee the functioning of the Company and to ensure due compliance of the law. In this context, Respondents cannot absolve themselves from their statutory duties pertaining to preparation and transmission of quarterly accounts in a timely manner as stipulated under the Act.

10. In view of the preceding facts, I have come to the conclusion that the afore-said provisions of the Act have been violated at relevant point in time and it render Respondents liable to penal action in terms of Section 237 of the Act as a result of failing to electronically transmit the Company's quarterly financial statements for the periods ended March 31, 2022, June 30, 2022, December 31, 2022 and March 31, 2023 with the Commission within the timeframe as stipulated in Section 237 of the Act and the Circular. However, considering



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subsequent compliance by the respondents, I, taking a lenient view, in exercise of powers conferred under sub-section (4) of Section 237 of the Act, hereby impose an aggregate penalty of Rupees one hundred and eighty thousand (PKR 180,000/-) i.e. Rs. 5,000 on the Respondents, for each of the aforementioned default periods, as tabulated below:

Sr. #	Name of Respondent	Penalty (in Rs.) for Quarter Ended			
		March 31, 2022	June 30, 2022	December 31, 2022	March 31, 2023
1	Mr. Mansoor Afzal Subzwari – CEO	5,000	5,000	5,000	5,000
2	Mr. Muhammad Saleem Mangrio – Director	5,000	5,000	5,000	5,000
3	Mr. Muhammad Jamshid Malik – Director	5,000	5,000	5,000	5,000
4	Mr. Mohammad Omar Arshid – Director	5,000	5,000	5,000	5,000
5	Ms. Sadia Moin – Director	5,000	5,000	5,000	5,000
6	Mr. Saleem Zamindar – Director	5,000	5,000	5,000	5,000
7	Mr. Dinshaw Hoshang Anklesaria – Director	5,000	5,000	5,000	5,000
8	Mr. Abdul Qayyum Khan Abbasi – Director	5,000	5,000	5,000	5,000
9	Mr. Shams – Director & CFO	5,000	5,000	5,000	5,000
TOTAL		45,000	45,000	45,000	45,000

11. The aforementioned penalties must be deposited in the designated bank account maintained with MCB Bank Limited or United Bank Limited in the name of the *Securities and Exchange Commission of Pakistan* within thirty (30) days from the receipt of this Order, and duly deposited bank challan shall be furnished to the Commission. In case of non-deposit of the penalties, proceedings for recovery under Section 485 of the Act as arrears of land revenue will be initiated. It may also be noted that the penalty has been imposed on the Respondents in their personal capacity; therefore, they are required to pay the said amount from personal resources.

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

Mahboob Ahmad
Additional Director/ Head of Wing
Listed Companies, Adjudication Department – I

Announced:
November 03, 2023
Islamabad