



# SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

## Adjudication Department- I

### Adjudication Division

ORDER	
Name of Company:	M/s Burshane LPG Pakistan Limited
Show Cause Notice No. & Date:	CSD/ARN/344/2016-540 dated June 05, 2025
Name(s) of Noticee(s):	(i) Mr. Shaikh Abdus Sami, Chairman; (ii) Mr. Asad Alam Khan, Director/ CEO; (iii) Mr. Saifee Zakiuddin, Director; (iv) Mr. Ali Alam Niazi, Director; (v) Maj. Gen (R) Rafiullah Khan, Director; (vi) Brig. (R) Rashid Siddiqi, Director; (vii) Ms. Shahbano Hameed, Director; and (viii) Mr. Osman Malik, Director.
Date(s) of Hearing(s):	July 14, 2025
Case represented by:	(i) Mr. Saifee Zakiuddin, Director (Noticee No. iii); (ii) Mr. Khurram Kasbati, Chief Financial Officer; and (iii) Mr. Daniyal Mughal, Company Secretary. (As the Authorized Representatives on behalf of all the Noticees)
Provision of law involved:	Sections 226 and 227 of the Companies Act, 2017 read with Section 479 thereof.
Date of Order:	July 17, 2025

This Order shall dispose of the proceedings initiated by the Securities and Exchange Commission of Pakistan (the "Commission") through the Show Cause Notice No. CSD/ARN/344/2016-540 dated June 05, 2025 ("SCN") against Board of Directors (the "BoD") including the Chief Executive Officer (the "CEO") of M/s Burshane LPG Pakistan Limited (the "Company"), hereinafter collectively referred to as the "Noticee(s)", issued under Sections 226 and 227 read with Section 479 of the Companies Act, 2017 (the "Act").

2. The provisions of sub-section (3) of Section 226 of the Act mandates the BoD of such holding companies which are required to prepare consolidated financial statements, to include information, as specified under Section 227 of the Act, with respect to the consolidated financial statements, in the directors' report.
3. The provisions of sub-section (2) of Section 227 of the Act specifies the required disclosures, in addition to the matters specified in sub-section (1) of section 227 of the Act, to be provided in the directors' report by the directors in the case of a public company, while sub-section (3) of Section 227(3) of the Act, in the case of a listed company, specifies the necessary disclosures to be made under the business review, up to the extent necessary for understanding the development, performance or position of the company's business.
4. Non-compliance of the aforementioned provisions of Sections 226(3) attracts penal provision as prescribed under Section 226(5) of the Act read with Section 479 of the Act as whoever contravenes or fails to comply with any provisions of Section 226 of the Act shall be liable to a penalty of level 1 on the standard scale. Moreover, non-compliance of Sections 227(2) and (3) of the Act attracts penal provision of Sections 227(6)(a) read with Section 479 of Act as whoever contravenes or fails to comply with any provisions of Section 227 of the Act shall be liable to a penalty of level 2 on the standard scale.
5. Brief facts of the case are that during the review of the annual report of the Company (Ref. page-23 to 25) for the year ended June 30, 2024 (the "Annual Report"), it was observed that the BoD of the Company, being the board of holding company, had failed to make a report to the members containing all information required by Section 227(2) of the Act w.r.t. consolidated financial statements. Furthermore, it was also revealed that the BoD has not been able to incorporate the following necessary details in the director's report as appended to the Annual Report and the same was deficient in respect of the following essential disclosures as required under Section 227 (2) and (3) of the Act:

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17-07-2025

Sr. #	Requirements of Section 227	Relevant Section
1.	The names of the persons who, at any time during the financial year, were directors of the Company (Mr. Khalid Dar, Mrs. Hamdia Niazi, Mr. Ali Niazi and Maj Gen (R) Abid Latif remained directors for a few months during the year however their names were not disclosed)	227(2)(a)
2.	Description of the principal risks and uncertainties facing the company	227(2)(c)
3.	Information of any changes occurred during the year w.r.t. nature of business of the Company and/or its subsidiaries	227(2)(d)
4.	Information on the pattern of shareholding	227(2)(f)
5.	Comments in respect of adequacy of internal financial controls	227(2)(k)
6.	Disclosure about the remuneration package of directors & CEO	227(2)(la)
7.	Main trends and factors likely to affect the future development, performance and position of the Company's business	227(3)(a)
8.	Impact of Company's business on the environment	227(3)(b)
9.	The activities undertaken by the company with regard to corporate social responsibility during the year	227(3)(c)
10.	Directors' responsibility in respect of adequacy of internal financial controls	227(3)(d)

6. In order to probe the matter, the Commission, vide letter dated April 28, 2025, sought an explanation from the Company regarding its failure to provide the required disclosures in the directors' report. The Company vide reply dated May 13, 2025, *inter alia*, submitted that:

*"this information will be formally included in the director's report for the next year. Additionally, all matters required under Section 227 of the Companies Act, 2017 will be comprehensively addressed in the director's report for the fiscal year 2025 ensuring compliance with regulatory requirements and transparency in corporate governance;*

*the report to the members, encompassing all requisite disclosures mandated under Section 227(2) of the Act, in relation to the consolidated financial statements, will be disseminated within the annual report for year 2025."*

7. Having being not satisfied with the aforesaid response, SCN was served upon the Noticee(s), requiring them to show the cause as to why a penal actions as provided Sections 226(5) and 227(6) of the Act, may not be taken against them for the aforementioned contravention of the Section 226(3) and Sections 227(2) and 227(3) of the Act, respectively. In response to SCN, Mr. Daniyal Mughal, Company Secretary vide letter dated June 17, 2025, *inter-alia*, stated that *the requisite disclosures mandated under the aforementioned sections will be duly incorporated in the annual financial statements for the fiscal year ending June 30, 2025. The omission in prior disclosures was inadvertent and not deliberate in nature.*

8. In order to provide an opportunity of being heard to the Noticee(s), hearing in the matter was fixed for July 14, 2025; which was attended by Mr. Saifee Zakiuddin, Director (Noticee No. iii), Mr. Khurram Kasbati, Chief Financial Officer "CFO" and Mr. Daniyal Mughal, Company Secretary as the "**Authorized Representatives**" on behalf of all the Noticee(s). The Authorized Representatives during the hearing reiterated the earlier furnished response to SCN and stated that *items required to be explained in Director's report are mentioned at one place or other place including in the Chairman's review in the annual report and nothing has been concealed.* The Authorized Representatives assured future compliance in a proper manner by including comprehensive disclosures in director's review report and requested a lenient view in the matter.

9. I have gone through the relevant provisions of Sections 226 and 227 of the Act, and considered the facts of the case along with the available record of the Company as well as written and verbal submissions of the Noticee(s) and their Authorized Representative. I have also perused Sections 226(5) and 227(6) of the Act which stipulates penal provisions for contravention of the afore-referred provision of law. The requirements set forth under Sections 226 and 227 of the Act are unequivocal and must be adhered to in both form and substance without any exception. It is observed that the Noticee(s), despite being obligated to provide necessary disclosures in the director's report as required under Sections 226 and 227 of the Act, failed to do so and the same was admitted through an assurance of strict future compliance in the response dated June 17, 2025.

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10. It is also pertinent to observe that the partial compliance achieved on the basis of certain understanding that sporadic disclosure of information across the Annual Report/ Financial Statements does not absolve the Noticee(s) from complying with the prescribed format of the directors' report clearly given in the Act in any manner whatsoever. The directors' report must, therefore, comprehensively cover all requisite disclosures, regardless of their presumed applicability of lack of it thereof.

11. The contention of the Noticee(s) that almost all the required disclosures have been provided either in the directors' report or in other part of the annual report, such as the Notes to the Financial Statements and Chairman's review, is not tenable as such information disclosed in other related documents of the Company cannot be considered as a substitute of disclosure of information explicitly required to be disclosed in directors' report by the law/Act. It is observed that the statutory obligation to provide a comprehensive directors' report is distinct and independent, and it cannot be satisfied merely by referencing or relying upon disclosures made elsewhere in the financial statements/ annual report and also does not absolve the board of directors from their responsibility for ensuring that all required information is explicitly disclosed within the directors' report itself in the format and manner prescribed by law. Guidance can be sought from a settled law that *where a thing is required to be done in a particular manner, it must be done in that manner or not at all.*

12. Moreover, the cruciality of the role of board of directors in ensuring accurate and timely provision of information to the concerned stakeholders, especially the shareholders to whom they act as agent cannot be overemphasized. In 2013 CLD 706, the fundamental duty of directors was held as "*...The directors in addition to the day to day running of the company and the management of its business, also have 'fiduciary duties' i.e. duties held in trust and some wider duties imposed by statute...hence the directors are gauged against a higher standard of accountability which requires them to be vigilant and perform their duties with due care. In the instant case, the directors have failed to perform their duties with due care and prudence. As the directors are supposed to be well aware of their legal obligations...*". Similarly, in 2014 CLD 263 [Appeal No. 02 of 2012 decided on September 11, 2013] it was held that *no excuse can absolve the Respondents from their fiduciary duty to ensure that stakeholders are adequately informed.*

13. It is also pertinent to observed that the directors' report is a key communication tool that provides shareholders with a comprehensive overview of the company's financial performance, strategic direction, and governance practices in a coherent and objective manner and also serves as a transparent disclosure of the company's activities, financial health, and future plans, allowing shareholders to make informed decisions about their investments. The directors' report provides an opportunity for the BoD to highlight their achievements and challenges and is a tool to ensure that the company's leadership is aligned with the interests of its shareholders and other stakeholders, including employees, creditors, and regulators. It is also observed that the directors' report plays a vital role in enhancing corporate transparency, strengthening stakeholder confidence, and promoting good governance practices and while offering stakeholders insight into how the directors adheres to their fiduciary responsibilities and complies with legal requirements, fosters accountability and trust.

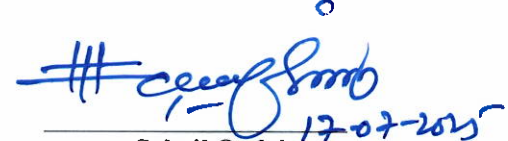
14. In view of the above, the aforesaid contraventions of sub-section(3) of Section 226 and sub-sections (2) and (3) of Section 227 of the Act have been established beyond doubt, which attract penal action as provided under Sections 226(5) and 227(6) of the Act, respectively. I, therefore, in exercise of the powers conferred upon me under sub-section (5) of Section 226 and sub-section (6) of Section 227 of the Act read with Section 479 thereof and S.R.O. 737(I)/2023 dated June 12, 2023, hereby impose an aggregate penalty of **Rs. 80,000 (Rupees Eighty Thousand)** on the Noticee(s) in the following manner:

Sr. #	Name of Respondent(s)	Penalty (Rs.)
1.	Mr. Shaikh Abdus Sami, Chairman	10,000/-
2.	Mr. Asad Alam Khan, Director/ CEO	10,000/-
3.	Mr. Saifee Zakiuddin, Director	10,000/-
4.	Mr. Ali Alam Niazi, Director	10,000/-
5.	Maj. Gen (R) Rafiullah Khan, Director	10,000/-
6.	Brig. (R) Rashid Siddiqi, Director	10,000/-
7.	Ms. Shahbano Hameed, Director	10,000/-
8.	Mr. Osman Malik, Director	10,000/-
<b>Total</b>		<b>80,000/-</b>

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The Noticee(s) are further advised to remain vigilant and to ensure meticulous compliance of applicable legal and regulatory requirements in future.

15. The Noticee(s) are, hereby, directed to deposit the aforesaid amount of penalty in the designated bank account maintained in the name of the Commission with MCB Bank Limited or United Bank Limited within thirty (30) days from the date of this Order and to furnish a receipted bank challan to the Commission forthwith. In case of failure to deposit the penalty, the proceedings under Section 485 of the Act will be initiated for recovery of the penalty/fines as arrears of land revenue pursuant to provision of Section 42B of the Securities and Exchange Commission of Pakistan Act, 1997.

  
Sohail Qadri  
Director/ HOD  
Adjudication Department-I

**Announced:**  
July 17, 2025  
Islamabad.