



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department- I

Adjudication Division

Before

Mahboob Ahmad – Additional Director/Head of Wing

In the Matter of

SG Allied Businesses Limited

Number and Date of SCN: CSD/ARN/258/2016-146 dated February 20, 2024

Hearing Date: May 2, 2024

Present: Mr. M. Javed Panni, the Authorized Representative

ORDER

Under Section 237 of the Companies Act, 2017 and Section 479 thereof

This Order shall dispose of the proceedings initiated through the Show Cause Notice dated February 20, 2024 (the SCN) issued under Section 237 of the Companies Act, 2017 (the Act) and Section 479 thereof read with the Circular No. 24 of 2017 dated October 19, 2017 (Circular No. 24), to the Board of Directors including the Chief Executive and Chief Financial Officer (CFO) (collectively referred to as the Respondents) of SG Allied Businesses Limited (the Company).

2. Brief facts of the case are that the Company failed to transmit its following quarterly financial statements (QFS) to the Securities and Exchange Commission of Pakistan (the Commission) within the stipulated time pursuant to Section 237 of the Act read with Circular No. 24:

S. No.	Periods ended	Due on
1.	March 31, 2023	April 30, 2023

3. In taking cognizance of the matter, the SCN was issued to the Respondents to show cause in writing within fourteen days of the SCN as to why penal action may not be taken against them for non-compliance of Section 237 of the Act. In this regard, Mr. M. Javed Panni, on behalf of the Respondents, through an email dated March 11, 2024 requested an extension of fourteen days to furnish written response on SCN. The Commission through an email dated March 12, 2024 allowed to furnish reply to the SCN latest by March 19, 2024. However, no written reply was received within the aforesaid time period.

4. In order to afford the Respondent, to provide an opportunity of personal representation, a hearing in the matter was fixed for March 22, 2024. Mr. M. Javed Panni, through an email dated March 19, 2024, due to short working hours in the month of Ramazan, sought to re-fix the hearing so that directors can be presented in the hearing. The matter was thereafter fixed for May 2, 2024.



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department - I
Adjudication Division

Continuation Sheet - 1 -

The Authorized Representative through a letter dated May 2, 2024 furnished a reply to the SCN, and, *inter alia*, stated that:

- The aforesaid QFS for the period ended March 31, 2023 were approved by the board of directors on April 28, 2023 and were placed on Pakistan Stock Exchange on the same day for dissemination to shareholders.
- The copies of the QFS were also sent by TCS courier to the Commission on the same day.
- Due to oversight of the staff, the said QFS were not transmitted electronically to the Commission. The default came to the notice on receipt of the said SCN.
- The QFS were disseminated to the Commission, PSX and shareholders within the regulatory period laid down in the law.
- The Respondents apologize for the inadvertent omission of not transmitting to the Commission the aforesaid QFS electronically. The default, not being willful, hence, may be condoned.
- The Respondents assured to comply with the given provisions in future.

5. On the date of hearing i.e. May 2, 2024, Mr. M. Javed Panni, the Authorized Representative appeared. He reiterated stance given in writing through letter dated May 2, 2024 and requested to condone the default. Subsequent to the hearing, the Authorized Representative, through email dated May 9, 2024 furnished a copy of the challan dated May 8, 2024 in terms of which filing fee for the aforesaid QFS was deposited.

6. As regards the matter at hand, I have analyzed the matter at hand, relevant provisions of the Act, and the arguments put forth during the course of the hearings as well as the written correspondence made by the Authorized Representative. In this regard, it is observed that:

(i) **Whether it is mandatory to transmit QFS with the Commission:**

Yes. In terms of Section 237(2) of the Act, it has been made obligatory that the QFS shall also be transmitted electronically to the Commission within the period as specified in sub-section (1) of Section 237 of the Act. Moreover, the Circular No. 24 provides the manner of the transmission of the QFS with the Commission. Relevant Circular, *inter alia*, requires that:

3. *The Commission has designated email address financial.statements@secp.gov.pk for the electronic transmission of annual and quarterly financial statements. The Companies are required to transmit the financial statements in PDF as well as MS Excel format to the designated email address.*

In the aforesaid matter, the Respondents sent its QFS for the period ended March 31, 2023 with the Registrar and with the PSX within the allowed time, however, they failed to discharge their obligation to transmit the QFS with the Commission through the prescribed manner. In this regard, the Respondents have not submitted a cogent reason of the default.



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department - I
Adjudication Division

Continuation Sheet - 2 -

I am, therefore, of the view that the Respondents have violated the provision of Section 237(2) of the Act to the extent of its failure to transmit the QFS for the period ended March 31, 2023 with the Commission within the prescribed time.

(ii) **Whether cogent reasons provided for delay in transmission of QFS with the Commission:**

The Respondents stated that QFS were sent through courier to additional registrar-CRO Karachi prior to the due date i.e. April 30, 2023 and subsequently provided the deposit of filing fee of QFS. The Respondents also stated that due to oversight the QFS for the period ended March 31, 2023 were not transmitted to the Commission. In this regard, I am of the view that it is the fiduciary duty of the Respondents to transmit the same within the stipulated time. I am, therefore, of the view that the reasons cited are not cogent.

7. In view of above, I have come to the conclusion that the afore-said provisions of Section 237(2) of the Act have been violated, as stated, and it renders the Respondents liable to penal action in terms of Section 237(4) of the Act as a result of failing to electronically transmit with the Commission, the Company's QFS for the period ended March 31, 2023. However, keeping in view of the facts stated that the Company has placed its QFS for the period ended March 31, 2023 through the PSX, filed with the Registrar within the prescribed period of 30 days, and also furnished evidence of subsequent deposit of filing fee of the QFS, therefore, instead to impose a fine, I hereby conclude the proceedings with a warning to the Respondents. The Respondents are, therefore, advised to ensure compliance of the given provisions of Section 237 of the Act in letter and spirit in future.

8. 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 Wing,
Adjudication Department – I

Announced:
May 31, 2024
Islamabad

SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

REGULATIONS

1975

1. The Securities and Exchange Commission of Pakistan (SECP) has the honor to acknowledge the receipt of your application for registration of the proposed company under the Securities and Exchange Commission Act, 1975.

2. The SECP has reviewed your application and is satisfied that the proposed company meets the requirements of the Act.

3. The SECP has also reviewed the proposed Memorandum of Association and Articles of Association of the proposed company and is satisfied that they comply with the requirements of the Act.

4. The SECP has also reviewed the proposed prospectus of the proposed company and is satisfied that it complies with the requirements of the Act.

5. The SECP has also reviewed the proposed financial statements of the proposed company and is satisfied that they comply with the requirements of the Act.

6. The SECP has also reviewed the proposed terms and conditions of the proposed company and is satisfied that they comply with the requirements of the Act.

7. The SECP has also reviewed the proposed names of the proposed company and is satisfied that they comply with the requirements of the Act.

8. The SECP has also reviewed the proposed directors of the proposed company and is satisfied that they comply with the requirements of the Act.

9. The SECP has also reviewed the proposed auditors of the proposed company and is satisfied that they comply with the requirements of the Act.

10. The SECP has also reviewed the proposed secretary of the proposed company and is satisfied that they comply with the requirements of the Act.

11. The SECP has also reviewed the proposed registrar of the proposed company and is satisfied that they comply with the requirements of the Act.

12. The SECP has also reviewed the proposed company and is satisfied that it complies with the requirements of the Act.