



# SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

## Adjudication Department- I

### Adjudication Division

| ORDER                         |   |
|-------------------------------|---|
| Name of Company:              | M/s. Olympia Mills Limited  |
| Show Cause Notice No. & Date: | CSD/ARN/213/2015-637 dated July 09, 2025  |
| Name(s) of Noticee(s):        | (i) Mr. M. Waqar Monnoo, Chief Executive Officer;<br>(ii) Mr. Amir Shamim, Chairman;<br>(iii) Mr. Siraj Sadiq Monnoo, Director;<br>(iv) Mr. M. Rehan Riaz, Director;<br>(v) Mrs. Ghazala Waqar, Director;<br>(vi) Mr. Shehzad Muneer, Director;<br>(vii) Mr. Arshad Iqbal, Director;<br>(viii) Mr. Asim Jaffery, Chief Financial Officer; and<br>(ix) M/s. Olympia Mills Limited. |
| Date of Hearing:              | August 12, 2025   |
| Case represented by:          | (i) Mr. Zahid Hussain, FCA, Consultant; and<br>(ii) Mr. Asim Jaffery; Chief Financial Officer<br><i>As the Authorized Representatives of the Noticee(s).</i>  |
| Provision of law involved:    | S.R.O. 633(I)/2014 dated July 10, 2014 read with Section 510(2) of the Companies Act, 2017.   |
| Date of Order:                | October 16, 2025  |

This Order shall dispose of the proceedings initiated by the Securities and Exchange Commission of Pakistan (the "Commission") through Show Cause Notice No. CSD/ARN/213/2015-637 dated July 09, 2025 ("SCN") against M/s. Olympia Mills Limited (the "Company") and its Board of Directors (BOD) including Chairman, Chief Executive Officer (CEO) and Chief Financial Officer (CFO), hereinafter collectively referred to as the "Noticee(s)", issued under Section 510(2) of the Companies Act, 2017 (the "Act") read with S.R.O. 633(I)/2014 dated July 10, 2014 (the "SRO").

2. The Commission directed listed companies through the SRO to follow the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board for the preparation of the balance sheet and profit and loss account or income and expenditure account.

3. Para 18 of IAS 24 'Related Party Disclosures', ("IAS 24") provides that if an entity has had related party transactions during the periods covered by the financial statements, it shall disclose the nature of the related party relationship as well as information about those transactions and outstanding balances, including commitments, necessary for users to understand the potential effect of the relationship on the financial statements. At a minimum, disclosures shall include: (a) the amount of the transactions; and (b) the amount of outstanding balances, including commitments. Moreover, Clause VI(1)(v) of Fourth Schedule of the Act provides that name of associated companies or related parties or undertakings, with whom the company had entered into transactions or had agreements and/or arrangements in place during the financial year, along with the basis of relationship describing common directorship and percentage of shareholding shall be disclosed in the financial statements.

4. Furthermore, para 79 of IAS 40, 'Investment Property', ("IAS 40") provides that in addition to the disclosures required by paragraph 75 of IAS 40, an entity that applies the cost model in paragraph 56 of IAS 40 shall disclose the fair value of investment property. Moreover, in the exceptional cases as described in paragraph 53 of IAS 40, when an entity cannot measure the fair value of the investment property reliably, it shall disclose: (i) a description of the investment property; (ii) an explanation of why fair value cannot be measured reliably; and (iii) if possible, the range of estimates within which fair value is highly likely to lie.

*Handwritten signature and date:*  
16-10-2025

5. The brief facts of the case are that the review of the Annual Audited Financial Statements for the year ended June 30, 2024 (the "Accounts") of the Company revealed that the Company had repaid loan to directors amounting to Rs. 89 million during the year ended June 30, 2023 and Rs. 151 million during the year ended June 30, 2024 as evident from Statement of Changes in Equity. However, the Company failed to report the party-wise details of loan transactions with directors under related party disclosure (Note 31 to the Accounts). Furthermore, the Company had not disclosed the names of common directors with its related parties namely M/s. Olympia Power Generation (Pvt.) Limited and M/s. Super Packages (Pvt.) Limited, contrary to the disclosure requirements of IAS 24 and Clause VI(1)(v) of Fourth Schedule of the Act.

6. The review of the Accounts also revealed that in respect of investment property amounting to Rs.617.99 million, the Company had not determined and disclosed the fair value of investment property as on reporting date i.e., June 30, 2024 (Note 15 to the Accounts), contrary to the requirements of para 79 of IAS 40.

7. In order to probe the matter, the Commission vide letter dated January 15, 2025 sought clarification/explanation from the Company with regards to the aforementioned non-disclosures in the Accounts. The Company in its response, vide letter dated January 27, 2025, provided the party-wise details of the transactions with directors and, *inter alia*, stated that:

*"Since the directors' loans are already disclosed on the face of the balance sheet and in Note 6 to the Accounts, we did not find it logical to repeat the same disclosures. However, we will ensure future inclusion of these disclosures in the related party note if required by the Commission.*

*Regarding the disclosure of the names of directors of related parties, namely Olympia Power Generation (Pvt.) Limited and Super Packages (Pvt.) Limited, we did not find a disclosure requirement in the Fourth Schedule of the Act and in IAS 24.*

*Since the Company is following the Cost Model for its investment properties, paragraph 79 of IAS 40 requires that disclosure of the fair value of the property, and there is no requirement to obtain a property valuation from a valuer every year. The Company will obtain a new property valuation in the year 2025."*

8. Taking cognizance in the matter, a SCN was served upon the Noticee(s) to show the cause in writing as to why a penal action may not be taken against them under Section 510(2) of the Act for aforesaid non-compliance of the requirements of the SRO. In response to the SCN, Mr. Waqar Monnoo, CEO of the Company, vide letter dated July 18, 2025, requested an extension of fifteen days (15) for submitting the reply to SCN, which was duly granted by the Commission. Subsequently, the Company vide letter dated August 08, 2025, *inter alia*, submitted that:

***"(a) Alleged Non-disclosure of Names of Directors in Relation to Loans from Directors:***  
*The observation pertains to Para 18 of IAS 24, which primarily outlines disclosure requirements for transactions with related entities. While we understand the spirit of transparency underlying the provision, we submit that Para 18 does not explicitly mandate naming individual directors in such disclosures. The only instance where specific identification of persons is unambiguously required under IAS 24 relates to key management personnel compensation (Para 17).*

*Nonetheless, the Company has disclosed loans from directors and provided relevant movement details as per minimum disclosure requirements. We respectfully submit that the requirement to disclose the names of individual directors is interpretive in nature. Being a compliant and cooperative entity, the Company remains fully committed to transparency and has no reservation in incorporating such disclosures in future annual reports, if so directed by the Commission.*

*Case 1-800010  
16-10-2025*

**(b) Alleged Non-disclosure of Common Directors of Associated Companies:**

The SCN also refers to non-disclosure of common directors between Olympia Mills Limited and its associated companies, namely Olympia Power Generation (Pvt.) Ltd. and Super Packages (Pvt.) Ltd., with reference to Clause VI(1)(v) of the Fourth Schedule to the Act

Upon review, we submit that while the relationship basis-common directorship has been duly identified in our financial statements, the Fourth Schedule does not specifically require naming the common directors. Our disclosures have fully complied with the stipulated requirements, including the nature of the relationship and other relevant financial details.

We further reiterate that the Company had transactions with associated entities, not directly with the directors of those entities. However, to enhance clarity and remove any ambiguity, we are fully prepared to include the names of common directors in future disclosures as per the Commission's guidance.

**(c) Valuation Report of Land & Building:**

We respectfully submit that the Company has complied with the requirements of IAS 40. The relevant property is located in the Landhi Industrial Area, where no active property market exists. Hence, valuation is based on professional judgment and consistent historical valuation reports.

From 2019 to 2022, the change in fair value was marginal and supported by independent valuations:

| Particulars     | Value in 2019 (Rs.) | Value in 2022 (Rs.) | % Change over 3 years |
|-----------------|---------------------|---------------------|-----------------------|
| Land & Building | 1,045,858,577       | 1,141,432,500       | 9.13%                 |

Paragraph 79 of IAS 40 requires disclosure of fair value but does not prescribe annual revaluation through an external valuer. The Company's approach in disclosing fair value based on professional assessment is reasonable and consistent with international best practices.

In view of the above, we respectfully submit that no willful or deliberate non-compliance has occurred. The matters raised are largely interpretative in nature. The Company, as a responsible corporate entity, remains fully committed to aligning its disclosures with applicable laws and regulatory expectations."

9. In order to provide an opportunity for personal representation and to meet the ends of justice, a hearing in the matter was fixed for August 12, 2025, which was attended by Mr. Zahid Hussain, FCA, Consultant; and Mr. Asim Jaffery; CFO, being the Authorized Representatives of the Noticee(s) (the "Authorized Representatives"). During the hearing, the Authorized Representatives reiterated the aforesaid written response to the SCN, assured future compliance with the applicable requirements of law and requested for a lenient view in the matter.

10. Subsequent to the hearing, the Company vide letter dated August 15, 2025, *inter alia*, further submitted as under:

**Loan from Directors & Others** - Enclosed is a duly signed confirmation letter from the Directors and Sponsors stating that the loan from directors is unsecured, interest-free, and repayable solely at the discretion of the Company. Accordingly, there is no fixed repayment obligation that would create any adverse financial impact or breach of statutory requirements.

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**Revaluation Reports (2019 & 2022)**-Certified copies of the revaluation reports of land and buildings for the years 2019 and 2022 are enclosed. The Company, which was formerly engaged in textile spinning and corrugated paper manufacturing, discontinued these operations in 2014 due to unforeseen business circumstances. The building names as reflected in the reports are consistent with their original descriptions.

It is important to highlight that the investment property is recorded under the Cost Model in accordance with IAS 40. Consequently, the revaluation exercise has no impact on the carrying value in the financial statements, and no accounting gain or loss has been recognized.

**Contractor Bill and SBCA Fee**- Enclosed is the contractor's invoice for Rs. 20,000,000, together with the SBCA fee challan amounting to Rs. 2,624,823, relating to an addition made to the paper manufacturing building area. This building, which was closed for production purposes in 2022 and reclassified as investment property, has since been lawfully rent out to a corporate tenant in compliance with all regulatory and municipal requirements.

**Depreciation on Investment Property**- Depreciation for the year has been computed in strict accordance with the Company's approved accounting policies as follows:

| <b>Particulars</b>   | <b>Amount</b>     |
|--|-------------------|
| Opening WDV as at July 01, 2023  | 102,079,604       |
| Depreciation on opening @ 10%-A  | 10,207,960        |
| Proportionate Depreciation on addition Rs. 22,624,823 x 10%<br>243/365-B | 1,506,255         |
| <b>Total Depreciation A+B</b>  | <b>11,714,215</b> |

**Company's Commitment for future Compliance**- The Company will in future will adhere to following as committed in hearing:

1. Disclose name of directors for loan from directors & Others
2. Disclose name of common directors in respect of its associated companies in Related party notes
3. Conduct annually revaluation of Land and building for disclosure of fair value in financial statement.

We respectfully submit that all relevant disclosures have been duly made in the Company's financial statements in compliance with the Act, the Fourth Schedule thereto, and applicable IFRS. The transactions in question have been carried out in good faith, with full transparency, and without any intent to mislead or misstate the Company's financial position.

We trust that the above clarifications, together with the enclosed documentation, satisfactorily address the matters raised in the hearing of SCN. We humble request to take lenient view in view of above submissions."

11. I have gone through the requirements of IAS 24 and IAS 40, which the Company was duly obligated to comply as per the SRO, and the provisions of Clause VI(1)(v) of the Fourth Schedule of the Act, and considered the facts of the case along with the available record of the Company, as well as the written and verbal submissions of the Noticee(s) through their Authorized Representatives. I have also perused Section 510(2) of the Act which stipulates penal action for contravention of the afore-referred requirements. It is pertinent to observe that IAS 24 underpins transparency with regards to related party transactions so as to ensure that the investors, creditors, regulators, and other stakeholders

# 16-10-2025  
16-10-2025

can adequately evaluate the extent of influence exercised by related parties over the company's financial and operating decisions. Disclosure of the nature of the relationship, names of related parties, and the amounts of transactions helps users identify possible conflicts of interest or any preferential dealings. Such comprehensive disclosures are vital to safeguard shareholders' interests and maintain confidence in the integrity of financial statements. Furthermore, Clause VI(1)(v) of the Fourth Schedule to the Act requires disclosure of names of related parties/associated companies/undertakings with whom the company has transacted along with the basis of relationship (e.g., common directorships or shareholding). This provision ensures that the stakeholders are aware of cross-company linkages and potential influence of directors or major shareholders across multiple entities. Such transparency protects investors from undisclosed related-party risks and enables regulators to monitor compliance with corporate governance standards.

12. The foremost contention put forward by the Noticee(s) through their Authorized Representatives is that para 18 of IAS 24 does not explicitly mandate disclosure of the names of individual directors and that the aggregate position of loans was already reflected on the balance sheet and in Note 6 to the Accounts. It was further argued that repetition of the same information in the related party note was unnecessary and that the Company had, in its view, complied with the minimum disclosure requirements prescribed under IAS 24. Furthermore, it was argued that Clause VI(1)(v) of the Fourth Schedule to the Act does not specifically require disclosure of the names of individual directors. In this regard, it is highlighted that para 18 of IAS 24 expressly requires disclosure of the nature of the related party relationship as well as information about transactions and outstanding balances necessary for users to understand the impact of such relationships on the financial statements. Transactions with directors, being related parties by definition under IAS 24, cannot be aggregated into a single figure without naming the counterparties, as such practice would obscure the identity of individual directors and undermine the transparency and disclosure objective of the IAS. The essence of related party disclosure lies not merely in reporting amounts but in providing sufficient qualitative and quantitative detail to allow users of the financial statements to assess the extent of influence that related parties may exert on the company's financial and operational decisions.

13. Moreover, Clause VI(1)(v) of the Fourth Schedule explicitly requires disclosure of the names of associated companies or related undertakings along with the basis of relationship "describing common directorship and percentage of shareholding." Identification of the common directors is hence integral to compliance. By omitting party-wise disclosure of directors from whom loans were obtained, the Company failed to provide information critical for identifying potential conflicts of interest, dependence on specific directors, or any preferential treatment; thereby contravening the requirements of IAS 24 and Clause VI(1)(v) of the Fourth Schedule to the Act, which collectively require comprehensive disclosure of related party relationships and transactions.

14. With regards to the alleged non-compliance of IAS 40, the Authorized Representatives contended that the Company had adopted the cost model under IAS 40, as paragraph 79 of IAS 40 does not oblige the Company to carry out an annual valuation of investment property. It was further submitted that the property is situated in an industrial area where no active property market exists, and that reliance on the valuation reports obtained in 2019 and 2022 was sufficient for disclosure purposes. However, it is pertinent to observe that para 79 of IAS 40 unequivocally imposes an obligation on an entity applying the cost model to disclose the fair value of investment property at each reporting date. The requirement to disclose fair value is continuing in nature and is not dependent upon the existence of an active market. Moreover, where, in exceptional cases, the fair value of investment property cannot be reliably measured, para 53 of IAS 40 mandates alternative disclosures, including: (i) a description of the property, (ii) an explanation as to why fair value cannot be measured reliably, and (iii) where possible, a range of estimates. In the instant case, the Company neither disclosed the fair value of its investment property as at June 30, 2024, nor provided the alternate disclosures required under para 53 of IAS 40. Reliance on outdated valuation reports from 2019 and 2022 does not meet the requirement to disclose

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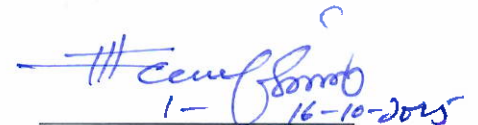
fair value at the reporting date and undermines the fundamental objective of financial statements to provide users with relevant and reliable information, particularly regarding material assets.

15. In light of the foregoing and the admissions made by the Noticee(s), I am of the considered view that the Noticee(s) have failed to comply with the requirements of IAS 24 and IAS 40 as prescribed under the SRO, as well as Clause VI(1)(v) of the Fourth Schedule to the Act. Due consideration has also been given to the fact that the Noticee(s) have shown a positive approach by assuring compliance of the applicable regulatory requirements in the future. I, therefore, in exercise of the powers conferred under Section 510(2) of the Act read with S.R.O. 1545(I)/2019 dated December 06, 2019, hereby conclude the instant proceedings with an aggregate penalty of **Rs.150,000/- (Rupees One Hundred and Fifty Thousand only)** on the Noticee(s) on account of the established defaults, in the following manner:

| Sr. #        | Name of Noticee(s)               | Amount in Rupees |
|--------------|----------------------------------|------------------|
| 1.           | Mr. M. Waqar Monnoo, CEO         | 15,000           |
| 2.           | Mr. Amir Shamim, Chairman        | 15,000           |
| 3.           | Mr. Siraj Sadiq Monnoo, Director | 15,000           |
| 4.           | Mr. M. Rehan Riaz, Director      | 15,000           |
| 5.           | Mrs. Ghazala Waqar, Director     | 15,000           |
| 6.           | Mr. Shehzad Muneer, Director     | 15,000           |
| 7.           | Mr. Arshad Iqbal, Director       | 15,000           |
| 8.           | Mr. Asim Jaffery, CFO            | 15,000           |
| 9.           | M/s. Olympia Mills Limited       | 30,000           |
| <b>Total</b> |                                  | <b>150,000</b>   |

16. 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 fines as arrears of land revenue pursuant to provision of Section 42B of the Securities and Exchange Commission of Pakistan Act, 1997 ("SECP Act").

17. Without prejudice to the above, in case the Noticee(s) are aggrieved by this Order may, within thirty days of the Order, may prefer to file review application in terms of Section 32B of the SECP Act or may file an appeal to Appellate Bench of the Commission in terms of Section 33 of the SECP Act in accordance with the procedure for filing an appeal as laid down under the Securities and Exchange Commission of Pakistan (Appellate Bench Procedure) Rules, 2003.

  
1-16-10-2025

**Sohail Qadri**  
Director/ HOD  
Adjudication Department-I

**Announced:**  
Dated: October 16, 2025  
Islamabad