



Corporate Supervision Department
Company Law Division

Before Ms. Amina Aziz – Director (CSD)

In the matter of

Al-Mal Securities & Services Limited

Number and date of SCN: No. EMD/233/636/2002-10 dated January 05, 2010 and
No. CSD/ARN/163/2015-3978-3985 April 07, 2016

Date of hearing January 24, 2012, April 26, 2016, May 11, 2016, My 30, 2016,
August 23, 2016, September 21, 2016, October 17, 2016,
November 07, 2016

Authorized Respondents None.

ORDER

**UNDER SECTION 158 READ WITH SECTION 476 OF THE COMPANIES
ORDINANCE, 1984**

This order shall dispose of the proceedings initiated against the following directors including the chief executive officer (together referred to as “respondents”) of **Al-Mal Securities & Services Limited** (the “Company”):

- | | | | |
|---|-----------------------|---|-------------------|
| 1 | Mr. Abdul Fateh Jatoi | 5 | Mr. Faiz Muhammad |
| 2 | Mr. Abdul Majeed | 6 | Mr. Shahzad Ali |
| 3 | Syed Inayat Ullah | 7 | Mr. Nur Qadir |
| 4 | Mr. Asghar Ali Jatoi | | |

The proceedings against the respondents were initiated through show cause notice (the “SCN”) dated January 05, 2010 (the “SCN - I”) and April 07, 2016 (the “SCN- II”) under the provisions of section 158 read with section 476 of the Companies Ordinance, 1984 (the “Ordinance”).

2. The brief facts of the case are that the Company was required to hold its annual general meeting (“AGM”) for the year ended June 30, 2009 on or before October 31, 2009, in terms of sub-section (1) of section 158 of the Ordinance. However, review of record revealed that the Company failed to convene the AGM as per requirement of the law. Consequently, the SCN-I.



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Subsequently, SCN-II was issued to the Company for non-holding of AGMs for the years 2010, 2011, 2012, 2013, 2014 and 2015. The SCNs were issued to the respondents whereof they were called upon to show cause in writing within fourteen days as to why penal action may not be taken against them under section 158 of the Ordinance for not holding the AGM.

3. The respondents did not submit a written reply within the stipulated time. Subsequently hearings in the matter were fixed on January 24 2012, April 26, 2016, May 11 2016, May 30 2016, August 23 2016, September 21 2016 and October 17 2016. In order to provide a final opportunity, the case was fixed for hearing on November 07, 2016 through hearing notice dated October 18, 2016. It may be mentioned the Company in the reply letters kept requesting for postponing the hearings citing one reason or another and the hearings were accordingly re-fixed as can be seen in the number of hearing opportunities provided to the respondents. However, no one attended the hearings. It was explicitly mentioned in the final hearing notice that in case of failure of the respondents to make an appearance in person or through authorized representative, the Commission will proceed to issue ex parte order on the basis of information available on record.

4. Before proceeding further, it is necessary to advert to the following relevant provisions of the Ordinance. Sub-section (1) of section 158 of the Ordinance, inter alia, provides as under:

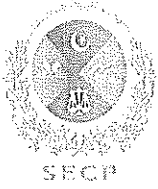
Every company shall hold, in addition to any other meeting, a general meeting, as its annual general meeting, within eighteen months from the date of its incorporation and thereafter once at least in every calendar year within a period of four months following the close of its financial year and not more than fifteen months after the holding of its last preceding annual general meeting:

Sub-section (4) of section 158, inter alia, provides as under:

If default is made in complying with any provision of this section, the company and every officer of the company who is knowingly and willfully a party to the default shall be liable,--

(a) if the default relates to a listed company, to a fine not less than fifty thousand rupees and not exceeding five hundred thousand rupees and to a further fine not exceeding two thousand rupees for every day after the first during which the default continues;

In terms of the Commission's notification SRO 1003 (I)/2015 dated October 15, 2015, the powers to adjudicate cases under section 158 have been delegated to the Director (Corporate Supervision Department).



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5. I have analyzed the facts of the case, relevant provisions of the Ordinance, and facts available on record. The aforesaid provisions of the law are clear and explicit. A company is required to hold its AGM within four month from the close of its financial year provided that the Commission may extend the time for thirty days based on application by the company. Holding of AGM is a very important statutory event and provides an opportunity to the shareholders, including those in minority, to participate in discussion and voting on agenda items of the AGM. This includes consideration and approval of a company's financial statements, which not only show the financial position and performance of the company but also show the results of management's stewardship of resources entrusted to it. The timeline of the provision of financial statements to the shareholders is of utmost importance. The investment decisions of the shareholders are based on the information presented to them in financial statements. Delay in presentation of the said information could lead to either uninformed decision or have an adverse effect with respect to its timing. In order to ensure transparency, the company must meticulously follow the procedure prescribed by the Ordinance for holding the AGMs. In addition to their responsibilities of overseeing and managing affairs of the Company, directors also have fiduciary duties towards the Company and its shareholders. They are, therefore, liable to a higher level of accountability, which requires them to be vigilant and perform their duties with care and prudence. It is directors' responsibility to oversee the functioning of the company, to keep it appropriately staffed and organized to ensure due compliance of law. In this context, the respondents cannot absolve themselves of their statutory duties regarding holding of AGMs and preparing and filing of annual and quarterly accounts in a timely manner as required by the law. The Commission to date, has not received any intimation of holding of the overdue AGMs. The respondents by failing to respond to the notices issued in the course of these proceedings have demonstrated a total disregard of the corporate law which is very alarming considering the company is a public listed company.

6. In view of the above stated facts, I have concluded that the provisions of the law have been violated and the respondents are liable to fine in terms of section 158 of the Ordinance, as they have failed to hold the AGM of the Company for the year ended June 30, 2009, June 2010, June 2011, June 2012, June 2013, June 2014, June 2015 despite elapse of considerable time after the due date. Therefore, in exercise of powers conferred by sub-section (4) of section 158 of the



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Ordinance, I hereby impose a fine of Rs.50,000 (Rupees fifty thousand only) on each of the respondents, as per following details:

S. No	Names of Directors	2009	2010	2011	2012	2013	2014	2015	Amount in Rs.
1	Mr. Abdul Fateh Jatoi	50,000	50,000	50,000	50,000	50,000	50,000	50,000	350,000
2	Mr. Abdul Majeed	50,000	50,000	50,000	50,000	50,000	50,000	50,000	350,000
3	Syed Inayat Ullah	50,000	50,000	50,000	50,000	50,000	50,000	50,000	350,000
4	Mr. Asghar Ali Jatoi	50,000	50,000	50,000	50,000	50,000	50,000	50,000	350,000
5	Mr. Faiz Muhammad	50,000	50,000	50,000	50,000	50,000	50,000	50,000	350,000
6	Mr. Shahzad Ali	50,000	50,000	50,000	50,000	50,000	50,000	50,000	350,000
7	Mr. Nur Qadir	50,000	50,000	50,000	50,000	50,000	50,000	50,000	350,000
	TOTAL	350,000	350,000	350,000	350,000	350,000	350,000	350,000	2,450,000

The aforesaid fines must be deposited in the designated bank account maintained with MCB Bank Limited in the name of the "Securities and Exchange Commission of Pakistan" within thirty days from the receipt of this order and receipted bank vouchers must be furnished to the Commission. In case of non-deposit of the fine, proceedings for recovery of the fines as arrears of land revenue will be initiated. It may also be noted that the aforesaid fines are imposed on the respondents in their personal capacity; therefore, they are required to pay the said amount from personal resources.

Amina Aziz
Director (CSD)

Announced:
January 13, 2017
Islamabad