



Corporate Supervision Department
Company Law Division

Before Amina Aziz – Director

In the matter of

Abdullah Shah Ghazi Sugar Mills Limited

Number and date of notice: No. CSD/ARN/304/2016-3743 dated March 28, 2016
No. CSD/ARN/304/2016-1311-12 dated October 19, 2016
Date of hearing: May 2, 2016 and November 11, 2016
Present: Sohail Azam Khan, CFO

ORDER

UNDER SECTION 171 READ WITH SECTION 476 OF THE COMPANIES ORDINANCE, 1984

This order shall dispose of the proceedings initiated against directors including the Chief Executive (*the "respondents"*) of Abdullah Shah Ghazi Sugar Mills Limited (*the "Company"*) through show cause notices dated March 28, 2016 (*"SCN-I"*) and October 19, 2016 (*"SCN-II"*) issued under the provisions of Section 171 read with Section 476 of the Companies Ordinance 1984 (*the "Ordinance"*) respectively.

2. Brief facts of the case are that the Company and its directors failed to hold Annual General Meetings of the Company for the year ended September 30, 2015 (*the "AGM"*), within time as required by Sub-Section (1) of Section 158 of the Ordinance which requires that every company shall hold an AGM 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 AGM.

3. The Commission issued direction to the Company vide letter dated February 12, 2016, under Section 170 of the Ordinance to hold its overdue AGM latest by March 16, 2016. However the Company and its directors failed to comply with the direction of the Commission. Failure of



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the Company and its directors to comply with the directions of the Commission issued under section 170 of the Ordinance attracts penal provisions of Section 171 of the Ordinance. Consequently, the SCN-I was served upon the respondents to show cause as to why penalty may not be imposed under Section 171 of the Ordinance.

4. The respondents did not submit reply to SCN-I and a hearing was fixed on May 2, 2016 before the undersigned which was attended by Mr. Sohail Azam Khan, CFO (*the "Authorized Representative"*) on behalf of respondents. The Authorized representative in his submission gave reasons for not holding the AGM and stated that NAB had taken away the Chief Executive of the Company for about two and a half months and FBR also raided the Company office due to which the AGM could not be held. He also stated that the audit of the Company was underway. He was asked to submit his written submissions. The respondents however did not submit anything in writing.

5. Later, the Commission on an application from the Company issued another direction to the Company under Section 170 of the Ordinance vide letter dated June 23, 2016, to hold its overdue AGM latest by July 25, 2016. However the Company and its directors failed to comply with the direction of the Commission. Consequently, the SCN-II was served upon the respondents to show cause as to why penalty may not be imposed under Section 171 of the Ordinance.

6. The respondents did not submit reply to the SCN-II and also did not submit any written submission against the SCN-I as earlier decided in the hearing held on May 2, 2016. A hearing was fixed on November 11, 2016 before the undersigned which was attended by the "Authorized Representative on behalf of respondents. The Authorized representative in his submission once again stated his previous stance and requested that a lenient view be taken in the matter.

7. Before proceeding further, it is necessary to advert to the relevant provisions of law. Section 171 of the Ordinance provide that if default is made in complying with any directions of the Commission under section 170, the company and every officer of the company who is in default shall be liable to a fine which may extend to ten thousand rupees and in the case of a continuing default to a further fine which may extend to two hundred rupees for every day after the first during which the default continues.

8. In terms of the Commission's notification SRO 1003 (I)/2015 dated October 15, 2015, the powers to adjudicate cases under Section 171 of the Ordinance have been delegated to Director (Corporate Supervision Department).



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9. As regards the matter at hand, I have analyzed the facts of the case, relevant provisions of the Ordinance, arguments put forth by the representative during the hearing. I am of a firm opinion that the provisions of Section 171 of the Ordinance has been violated by the respondents by not holding the AGM in accordance with the directions given twice. Therefore, in exercise of the powers conferred by aforesaid provision of the Ordinance, I, hereby impose a fine of Rs.35,000 (Rupees thirty five thousand only) in aggregate on respondents for contravening the provisions of Section 171 of the Ordinance. The respondents are directed to deposit the fine in the following manner:

| S.# | Names of Respondents | Amounts in Rs. |
|-------|--------------------------|----------------|
| 1 | Mr. Riaz Qadeer Butt | 5,000 |
| 2 | Mr. Muhammad Nawaz | 5,000 |
| 3 | Mr. Muhammad Rashid Rana | 5,000 |
| 4 | Mr. Atif Butt | 5,000 |
| 5 | Mr. Muhammad Talib | 5,000 |
| 6 | Mr. Yasir Iqbal | 5,000 |
| 7 | Mr. Shoukat Ali Butt | 2,500 |
| 8. | Mr. Muhammad Dawood | 2,500 |
| Total | | 35,000 |

2. 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 furnish receipted bank vouchers to the Commission. In case of non-deposit of the penalties, proceedings for recovery of the fines as arrears of land revenue will be initiated. It may also be noted that the said fines are imposed on respondents in their personal capacity; therefore, they are required to pay the said amount from personal resources.

Amina Aziz

Director (Corporate Supervision Department)

Announced:

August 24, 2017

Islamabad

