



Corporate Supervision Department
Company Law Division

Before Amina Aziz –Director

In the matter of

Johnsons and Philips (Pakistan) Limited

Number and date of notice: CSD/ARN/33/2015 dated May 09, 2017

Date of Hearing May 30, 2017

Present for Respondents Mr. Minam Karim , authorized representative

ORDER

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

This order shall dispose of the proceedings initiated against following directors including chief executive (together referred to as “respondents”) of **Johnsons and Philips (Pakistan) Limited** (the “Company”) through show cause notice (the “SCN”) dated May 09, 2017, issued under section 158 read with section 476 of the Companies Ordinance, 1984 (the “Ordinance”):

S.#	Names of Directors
1	Mr. Bilal Ahmed Qureshi
2	Mr. Shehryar Saeed
3	Ms. Marium Shafi
4	Mr. Muhammad Tariq Anjum
5	Mr. Muhammad Azhar-ul-Haq
6	Mr. Abid Saeed Khan
7	Mr. Syed Jamshed Zaidi

2. The brief facts of the case are that the Company was required to publish the notice of its Extra Ordinary General Meeting (“EOGM”) to be held on May 30, 2016 in Urdu language in Urdu newspaper and along with English language in English newspaper. The Company, however, published the notice on May 09, 2016 in daily Urdu newspaper, but in English language instead of Urdu Language, not complying with the provisions of subsection 3 of section 158 of the Companies Ordinance 1984.



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3. Consequently, the SCN was issued to the respondents whereof they were called upon to show cause in writing as to why penal action may not be taken against them under section 158 of the Ordinance for not publishing notice of AGM as per the requirements of law.

4. The hearing was fixed for May 30, 2017, Mr. Minam Karim appeared on behalf of the Company and stated that the notice was inadvertently published in Urdu newspaper in English language due to over sight. This act was neither intentional nor willful. The Company had taken note of this anomaly and assured that it will not happen in the future. Lastly, the Company requested for a lenient view. Written reply in this regard was also sent via letter dated May 22, 2017.

5. Before proceeding further, it is necessary to advert to the following relevant provisions of Ordinance.

sub-section (3) of section 158 of the Companies Ordinance, 1984 ("Ordinance") provides that *the notice of an annual general meeting shall be sent to the shareholders at least twenty-one days before the date fixed for the meeting and, in the case of a listed company, such notice, in addition to its being dispatched in the normal course, shall also be published at least in one issue each of a daily newspaper in English language and a daily newspaper in Urdu language having circulation in the Province in which the stock exchange on which the company is listed is situate.*

sub-section 4 of section 158 of the Ordinance provides that *(4) 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; and

(b) if the default relates to any other company, to a fine not exceeding [one hundred] thousand rupees and to a further fine not exceeding [five] hundred rupees for every day after the first during which the default continues.

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



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7. I have analyzed the facts of the case, relevant provisions of the Ordinance, and submissions made by the respondents. The aforesaid provisions of the law are clear and explicit. A company is required to publish notice of AGM in both English language and Urdu language separately ensuring a wider dissemination for the notice. It is for ease of understanding and enhancement thereof for such shareholder in particular and other stakeholders in general who are unfamiliar or less proficient in the English language. It is imperative that notice is communicated to every concerned individual since holding of the 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 that include consideration and approval of companies' financial statements, which not only show the financial position and performance of a company but also show the results of management's stewardship of resources entrusted to it. A notice which is understandable to the average man can ensure the presence of all shareholders. 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 and to ensure due compliance of law.

8. Publishing of AGM notice in Urdu and English is a requirement of law but unfortunately, it has been noted that the directors of the Company have not observed the compulsory requirements of law. However, keeping in view of the submissions of the respondents; instead of imposing fine, I hereby, conclude the proceedings with a warning to the respondents to be careful and ensure compliance with mandatory provisions of the Ordinance, in true letter and spirit; in future.

Amina Aziz
Director

Announced:
June 30, 2017
Islamabad

