



Securities and Exchange Commission of Pakistan  
*Enforcement and Monitoring Division*

[Islamabad]

Before Rashid Sadiq, Executive Director

**ORDER**

In the matter of

M/S PAKLAND CEMENT LIMITED

(Under Sub-section (1) of section 158 of the Companies Ordinance, 1984)

|                           |  |
|---------------------------|--|
| Number and date of notice | EMD/233/385/2002-2035-2042<br>dated September 25, 2002 |
| Date of final hearing     | November 27, 2003                                      |
| Present                   | Mr. M.M Abdullah<br>(Authorized Representative)        |
| Date of Order             | June 26, 2003  |

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This Order shall dispose of the proceedings initiated against M/S Pakland Cement Limited (the “Company”), its Chief Executive and directors for failure to hold Annual General Meeting (AGM) for the calendar year 2001 for the year ended June 30, 2001.

02. The facts relevant for the disposal of this case, briefly stated, are that the Company was required to hold its AGM for the calendar year 2001 on or before December 31, 2001 as required under Sub-section (1) of Section 158 of the Companies Ordinance, 1984 (the “Ordinance”). The Company was allowed an extension in time for 90 days thereby extending the deadline for holding of AGM to March 31, 2002 as required under Sub-section (1) of Section 158 the Ordinance. The Company, however, held its AGM on June 26, 2002, with a delay of 2 months



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and 26 days. The failure of the Company to comply with the aforesaid mandatory requirements necessitated action against the Company, its directors and Chief Executive.

03. Consequently, a notice dated September 25, 2002 was issued to the Company, its Chief Executive and directors calling upon them to show cause as to why penalties as provided in Clause (a) of Sub-section (4) of Section 158 read with Section 476 of the Ordinance may not be imposed. The response to the aforesaid show cause notice was received through the Company's letter dated September 30, 2002. In order to provide an opportunity of personal hearing, the case was fixed on November 06, 2002, which was adjourned to November 27, 2002 at the request of the Company. Mr. M.M Abdullah appeared on behalf of the Company and the directors on the date of hearing and argued the case.

04. In the submission in writing and at the time of the hearing it was contended that the delay in holding of AGM was beyond the control of the Company because of the special nature of the circumstances i.e. the approval/ sanction of the scheme of the arrangement for restructuring of the debt and pooling up of the securities which had a far reaching material effect on the annual accounts of the Company. A request was, however, made to condone the default.

05. I have given careful consideration to the argument advanced by the Company for not holding AGM within the stipulated time. However, the same does not justify the delay in holding of AGM. The reason given by the Company and its directors is untenable as the holding of AGM within stipulated time is a mandatory requirement of law and the Company and its directors are required to ensure the compliance of this statutory requirement. I, therefore, find no merit in the reason advanced by the Company for non-holding of AGM for the calendar



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year 2001. As the Chief Executive and the directors had failed to take necessary steps to carry out their statutory obligations in timely holding the AGM, therefore, default is considered deliberate and willful.

06. For the foregoing, I impose a fine of Rs. 10,000 (Rupees ten thousand) on the Chief Executive of the Company for default in complying with the provisions of Sub-section (1) of Section 158 of the Ordinance. However, in view of the fact that the Company has been held its AGM, I am inclined to take a lenient view of the default by not imposing fine on the other directors and per day fine for the continuous default.

07. The Chief Executive of the Company is hereby directed to deposit the fine amounting to Rs. 10,000 in the designated bank account maintained in the name of Securities and Exchange Commission of Pakistan within thirty days from the date of this Order and furnish receipted challan to the Securities and Exchange Commission of Pakistan.

**Announced**  
June 26,2003  
ISLAMABAD

***Rashid Sadiq***  
Executive Director (Enforcement and Monitoring)