

*Before Ali Azeem Ikram, Executive Director/HOD (Adjudication-I)*

**In the matter of Show Cause Notice issued to Adam Sugar Mills Limited**

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Date of Hearing	September 04, 2020, September 16, 2020, October 05, 2020
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**Order-Redacted Version**

Order dated October 14, 2020 was passed by Executive Director/Head of Department (Adjudication-I) in the matter of Adam Sugar Mills Limited. Relevant details are given as hereunder:

<b>Nature</b>	<b>Details</b>
1. Date of Action	Show cause notice dated August 10, 2020
2. Name of Company	Adam Sugar Mills Limited
3. Name of Individual*	Not relevant. The proceedings were initiated against the Company i.e. Adam Sugar Mills Limited.
4. Nature of Offence	In view of alleged violations under Section 166 read with Section 479 of the Companies Act, 2017
5. Action Taken	Key findings of default were reported in the following manner:  I have analyzed that the fact of case, relevant provisions of the law and the record placed before me. Based on the aforesaid, it is evident that the Respondents have acknowledged contravention of the requirements of Section 166 of the Act by failing to elect an independent director from databank maintained by PICG. Moreover, it is important to assert that in terms of Section 158 of the Act, on expiry of terms of directors, the directors so retiring continue to perform their functions until their successors are elected and therefore the such retiring director are required to hold elections. Therefore, it was the responsibility of the Respondents to take steps to enable independent directors to be elected on board that is inclusive of approaching the databank of independent directors maintained by PICG. It is noted that the databank of PICG was operational from July 2018 thereby Respondents, being directors, had ample time to



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	<p>approach PICG and thereby take appropriate steps prior to elections scheduled in year 2020 to enable inclusion of independent directors as per the requirements of law. It is pertinent to mention that the Company failed to provide evidence of application or registration in databank by independent directors. It is therefore essential that the intent and legal form of statute is appropriately complied by board of directors at the relevant time.</p> <p>2. From the above discussion and after careful consideration of all the facts of this case, I am of the view that the requirements of Section 166 of Act have been contravened and the Respondents are liable under the Section 169 of the Act. Taking cognizance of the submissions of the Respondents and in exercise of the powers conferred under aforesaid provisions of the Act, I hereby impose penalty of Rs. 25,000 (Rupees twenty five thousand only) each on Mr. Ghulam Ahmed Adam, Chief Executive and Mr. Jawaid Ahmed, Chairman of the Company. I also warn all the Respondents to be careful and ensure compliance of law in letter and spirit.</p> <p>Penalty order dated October, 2020 was passed by Executive Director (Adjudication-I).</p>
2. Penalty Imposed	A penalty of Rs. 50,000/- (Fifty thousand) was imposed on chairman and CEO of the Company
3. Current Status of Order	No Appeal has been filed by the respondents