



Securities and Exchange Commission of Pakistan

Adjudication Division
Adjudication Department-I

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

In the matter of Show Cause Notice issued to Al-Khair Gadoon Limited

Dates of Hearing

November 20, 2020

Order-Redacted Version

Order dated January 13, 2021 was passed by Executive Director/Head of Department (Adjudication-I) in the matter of Al-Khair Gadoon Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated July 24, 2020
2. Name of Company	Al-Khair Gadoon Limited
3. Name of Individual*	The proceedings were initiated against the directors of the Company i.e. Al-Khair Gadoon Limited
4. Nature of Offence	In view of alleged violations of Sub-regulation (1) of Regulation 6 of the Listed Companies (Code of Corporate Governance) Regulations, 2017 read with Section 166 of the Companies Act, 2017 (the Act) through SCN dated July 24, 2020 and order dated January 13, 2021 was passed.
5. Action Taken	Key findings were reported in the following manner: I have gone through the fact of case, relevant provisions of the law and the record placed before me. I observe that the Company vide its announcement dated October 29, 2019 to PSX disclosed appointment of directors which includes name of Ms. Aleezah Zahid Tariq and Mr. Kamal Subhani. However, the Authorized Representative did not provide the declaration of independence of these directors. In addition, the Respondents have acknowledged contravention of the requirements of Section 166 of the Act by failing to elect independent directors from databank maintained by PICG. It is important to mention here 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



Securities and Exchange Commission of Pakistan

Adjudication Division Adjudication Department-I

ensure requisite number of independent directors are elected in accordance with requirements of the Regulations and that the independent directors so elected are registered in 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 approach PICG and thereby take appropriate steps prior to elections scheduled in year 2019 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 even after the stated elections despite being given ample opportunity to provide the same. Therefore, the Respondents have not complied with the intent and legal form of statute at the relevant time.

2. In the aforementioned matter, that the Respondents failed to appoint the two independent directors in general meeting held on October 25, 2019 and thereby contravened the provisions of Regulation 6 of the Regulations. Further the Respondents also fail to provide the evidence of registration of the independent directors in the databank of PICG, hence violated the provisions of Section 166 of Act. The Respondents are therefore liable for penalty under the Regulation 37 of the Regulations and 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 Chairman and Chief Executive Officer. I also warn all the Respondents to be careful and ensure compliance of law in future.

3. 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.

Nothing in this Order may be deemed to prejudice the operation of any provision of the Act providing for imposition of penalties in respect of any default, omission or violation of the Act.



Securities and Exchange Commission of Pakistan

Adjudication Division Adjudication Department-I

	Penalty order dated January 13, 2021 was passed by Executive Director (Adjudication-I).
6. Penalty Imposed	A Penalty of Rs. 50,000/- (Rupees fifty thousand only) was imposed on Chairman and Chief Executive Officer and remaining respondents were warned to ensure compliance of law in future.
7. Current Status of Order	No Appeal has been filed by the respondents

Redacted version issued on June 08, 2021 for placement of website of the Commission.