



Before

Tahir Mahmood, Executive Director (Enforcement)

In the matter of

Pakistan Slag Cement Industries Limited

UNDER SECTION 186 READ WITH SECTION 177 AND 476 OF THE COMPANIES ORDINANCE, 1984

Number and date of notice	No.EMD/233/384/2002-2447-2447 dated January 09, 2008
Date of hearing	No hearing held, Case decided on the written submission of the legal counsel as desired by the CEO and Directors of the Company
Present through written submissions:	Nuruddin Sarki & Company, Advocates

ORDER

This order shall dispose of the proceedings initiated against the directors of Pakistan Slag Cement Industries Limited (hereinafter called as the "Company") under the provisions of Section 186 read with Section 177 and 476 of the Companies Ordinance, 1984 (hereinafter called as the "Ordinance") for non-holding of election of directors of the Company as required under Section 177 of the Ordinance.

2. In order to fully appreciate the issue in hand, it is necessary to have a glance into the relevant background facts of the case. The Commission while examining the record of the Company observed that the last election of directors of the Company was held on January 31, 2004 to elect 07 directors for a period of 3 years which expired on January 31, 2007. The directors of the Company were required to hold fresh election of directors on January 31, 2007 to elect the directors for next three years. However, the continuing directors, not only, failed to hold elections within the prescribed time period but also failed to report the impediments to the Registrar of Companies within fifteen days as required under Section 177 of the Ordinance. Consequently, a show cause notice (hereinafter called as the "SCN") dated January 09, 2008 was served upon the directors of the Company to show cause as to why penalty as provided under Section 186 read with Section 476 of the Ordinance, may not be imposed and as to why they may not be debarred from continuing or becoming the director of the Company for a period not exceeding three years as provided in Section 186 of the Ordinance for the aforesaid contravention.



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3. The SCN was responded by M/s. Nuruddin Sarki & Company, Advocates (hereinafter called as the "Legal Counsel") on behalf of the Chief Executive and all the directors of the Company through his letter dated January 30, 2008 stating that the Company has held the election of directors in the extraordinary general meeting held on January 10, 2008 and Form 29 has been filed with the Company Registration Office, Karachi. The Legal Counsel admitted that the election could not be held in time due to oversight of the Chief Executive since it is the duty of the Chief Executive and not of the directors to hold election of directors. The Legal Counsel further submitted that the Chief Executive and directors of the Company do not wish to be heard in person but desire that the case may be decided on the written submissions.

4. I feel it appropriate to quote here the relevant provisions of the Ordinance. Section 180 of the Companies Ordinance, 1984(the "Ordinance) provides that:

"a director elected under Section 178 shall hold office for a period of three years and Section 177 of the Ordinance provides that on completion of term of three years, the directors of a company shall retire and shall take immediate steps to hold election of directors and in case of any impediment, report the circumstances of the case to the Registrar within 15 days of the expiry of term of three years."

Section 186 of the Ordinance provides that:

" whoever knowingly and willfully contravenes or fails to comply with any of the provisions of Section 174 to 185 or is a party to the contravention of the said provisions shall be liable to a fine which may extend to ten thousands rupees and may also be debarred by the Commission which imposes the fine from becoming or continuing a director of the company for a period not exceeding three years."

5. I have taken into consideration the submissions made before me and have also perused the relevant legal provisions applicable in this case. The default is established and admitted. The wording of Section 180 of the Ordinance is very clear and it is the duty of all the directors including the Chief Executive to take immediate steps to hold election of directors of the Company and in case of any impediments they should report the circumstances to the Registrar of Companies as required under the Ordinance however in the case under review, the Chief Executive and all the directors of the Company failed to comply with the provisions of Section 180 of the Ordinance.

6. However, considering the fact that the directors have now held elections in EOGM held on January 10, 2008, I am inclined to take a lenient view of the default and instead of imposing maximum



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penalty of Rs. 10,000 on each director and debarring them from continuing or becoming the director of the Company for a period of 3 years, impose an aggregate token penalty of Rs. 15,000/- on the chief executive and each director of the Company which will be paid by them in the following manner:

Name	(Rs.)
Mr. Jehangir Akbar, Chief Executive	3,000
Mr. Faiz Mohammad Brohi, Director	2,000
Mr. Mohammad Naeem Khan, Director	2,000
Mr. Haji Ghulam Shabbir, Director	2,000
Mr. Nisar A. Korai, Director	2,000
Mr. Ajaz Ali Panhwar, Director	2,000
Mr. Muneer Ahmed, Director	2,000

7. The directors of the Company are directed to deposit the aforesaid fines aggregating to Rs.15,000/- in the designated bank account maintained in the name of the Securities and Exchange Commission of Pakistan with Habib Bank Limited or pay through a demand draft in the name of the Securities and Exchange Commission of Pakistan within thirty days from the receipt of this order and furnish receipted bank voucher to the Commission, failing which proceedings for recovery of the fines as an arrear of land revenue will be initiated. It may also be noted that the said penalty is imposed on directors in their personal capacity; therefore, they are required to pay the said amount from their personal resources.

Tahir Mahmood
Executive Director

Announced
February 26, 2008
Islamabad.