



Corporate Supervision Department  
Company Law Division

Before Mr. Imran Iqbal Panjwani – Executive Director / HoD (CSD)

*In the matter of*

**Punjad Feeds Limited**

Number and date of notice: EMD/242/L/38/2010-901 dated January 6, 2015

**ORDER**

**UNDER SECTION 218 READ WITH SECTION 476 OF THE COMPANIES ORDINANCE, 1984**

This order shall dispose of the proceedings initiated against the chief executive (the "respondent") of **Punjad Feeds Limited** (the "Company"). The proceedings against the respondent were initiated through show cause notice (the "SCN") dated January 6, 2015 issued under section 218 read with section 476 of the Companies Ordinance 1984 (the "Ordinance").

2. The brief facts of the case are that examination of annual audited financial statements of the Company for the years ended June 30, 2011, 2012 and 2013 (the "Accounts") filed under section 242 of the Ordinance, revealed that the remuneration of the directors increased as under:

Year	2013	2012	2011
Directors Remuneration	Rs4,200,000	Rs3,600,000	Rs3,500,000

The Company did not attach to the directors' report, referred to in section 236 of the Ordinance, an abstract of the terms of appointment of directors, contract or variation thereto, together with a memorandum clearly specifying the nature of the concern or interest of directors in such appointment or contract or variation. Consequently, the SCN was issued to the respondent as the Company, prima facie, contravened the provisions of section 218 the Ordinance.

3. In response to the SCN, the respondent submitted reply vide letter dated January 25, 2015. With reference to the contents of the SCN, it was submitted that the requisite abstract regarding increase in remuneration of directors was not attached to the directors' report for the years ended June 30, 2011 to June 30, 2013. The respondent further submitted that there was no outsider holding any shares in the Company and nobody's interest was affected. He further assured to abide by the law in future.



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4. Relevant provisions of sub-section (1) of section 218 of the Ordinance are produced below:

*"Where a company-*

*(a) appoints, or enters into a contract for the appointment of, a chief executive, managing agent, whole-time director or secretary of the company, in which appointment or contract any director of the company is in any way, whether directly or indirectly, concerned or interested: or*

*(b) varies any such contract already in existence;*

*the company shall make out and attach to the report referred to in section 236 an abstract of the terms of the appointment or contract or variation, together with a memorandum clearly specifying the nature of the concern or interest of the director in such appointment or contract or variation."*

Sub-section (6) prescribes penalty for contravention of the provisions of section 218.

5. I have analyzed the facts of the case, relevant provisions of the Ordinance, and submissions made by the respondent. It transpires that provisions of sub-section (1) of section 218 have been contravened because the required disclosures in directors' report were not made. I take into account the fact that the Company is a public unlisted company and the respondent's submission that the entire shareholding in the Company rests with the same family/group and no outsider holds any shares in the Company. Keeping in view the respondent's submissions, acquiescence of default and the assurance for future compliance, I hereby conclude the proceedings with a stern warning to the respondent to be careful in future regarding compliance with applicable legal provisions.

**Imran Iqbal Panjwani**

Executive Director / Head of Department (CSD)

**Announced:**

July 9, 2015

Islamabad