



Corporate Supervision Department  
Company Law Division

Before Amina Aziz-Director

*In the matter of*

**Sefam (Private) Limited**

Number and date of notice: EMD/242/L/368/2012-746 dated December 10, 2015  
Date of hearing: November 20, 2015  
Present: Mr. Arshad Raheem Authorized Representative

**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 ("respondent") of Sefam (Private) Limited (the "Company") through show cause notice (the "SCN") dated December 15, 2014 under the provisions of Section 218 read with Section 476 of the Companies Ordinance 1984 (the "Ordinance").

2. The brief facts of the case are that examination of the annual audited financial statements of the Company for the year ended June 30, 2013 (the "Accounts") filed with the Registrar of Companies pursuant to the provisions of Section 242 of the Ordinance revealed that the remuneration of the chief executive of the Company has been changed in the following manner;

Description	2013	2012
Chief executive remuneration	Rs. 28,800,000	Rs. 22,800,000

3. Section 218(1) of the Ordinance provides that *"where a company 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 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."*

4. The Company did not attach to the directors' report an abstract of the terms of the appointment, contract or variation thereto, together with a memorandum clearly specifying the nature of the concern or interest of the director in such appointment or contract or variation. Consequently, the SCN dated December 15, 2014 was issued to the respondent as the Company, *prima facie*, contravened the provisions of section 218 the Ordinance.



# SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

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5. The reply to SCN was submitted by the respondent vide letter dated January 8, 2015 and stated that the remuneration of the chief executive was increased on July 27, 2012 by the recommendation of the board, who is also appointing authority and also represents the total shareholding of the Company. The fact of variation was brought into the notice of shareholders in director's report for the year ended June 30, 2012 along-with an abstract of variation. There is no other shareholder / member of the Company except its directors.

6. In terms of the Commission's notification SRO 1003 (I)/2015 dated October 15, 2015, the powers to adjudicate cases under section 218 of the Ordinance have been delegated to Director (Corporate Supervision).

7. In order to provide opportunity of personal hearing; the case was fixed before the undersigned on November 20, 2015. Mr. Arshad Raheem, authorized representative on behalf of respondents appeared and reiterated the earlier stance of the respondent.

8. I have analyzed the facts of the case, relevant provisions of the Ordinance, and submissions made by the respondent and representative. It has been observed that there is no other shareholder except its directors and the fact was also brought into the notice of shareholders in the director's report for the financial year June 30, 2012, I therefore, hereby conclude the proceedings against the respondent without any adverse order.

**Amina Aziz**  
Director

**Announced:**  
December 11, 2015  
Islamabad