



Corporate Supervision Department  
Company Law Division

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

*In the matter of*

**Tandlianwala Sugar Mills Limited**

Number and date of SCN: CSD/ARN/82/2015-1574, dated April 28, 2015

**ORDER**

**UNDER SECTION 158 READ WITH SECTION 476 OF THE COMPANIES ORDINANCE, 1984**

This order shall dispose of the proceedings initiated against directors including chief executive (together referred to as "respondents") of **Tandlianwala Sugar Mills Limited** (the "Company"). The proceedings against the respondents were initiated through show cause notice (the "SCN") dated April 28, 2015, issued under section 158 read with section 476 of the Companies Ordinance, 1984 (the "Ordinance").

2. The brief facts of the case are that based on an application of the Company, the Commission vide letter dated January 1, 2015 granted extension of thirty days in time for holding annual general meeting ("AGM") of the Company for the year ended September 30, 2014. In terms of the aforesaid approval, the Company was required to hold its AGM latest by the extended date of March 2, 2015. The Company requested the Commission for further extension of thirty days in time for holding the AGM. The request was declined by the Commission as the law does not provide for extension beyond thirty days in time for holding the AGM. Subsequently, the Company vide letter dated February 13, 2015 requested the Commission to allow it to give a shorter notice for the AGM so that the Company could hold its AGM within the extended date of March 2, 2015. The request was declined vide letter dated February 20, 2015 owing to no provision in the law available for the requested relaxation.

3. The Company published the notice of AGM dated February 20, 2015 in the newspapers on February 21, 2015 in terms whereof the AGM was convened on March 2, 2015. The Company had given a shorter notice of only nine days for the AGM against the requirements of section 158 of the Ordinance which requires a company to send notice to shareholders at least twenty one days before the AGM. Consequently, the SCN was issued to the directors of the Company calling upon



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them to show cause as to why penalty may not be imposed on them for contravening the requirements of the law.

4. In response to the SCN, the chief executive of the Company vide letter dated March 7, 2015 submitted reply. A brief of submissions in respect of contents of the SCN is given below:

- The Company obtained Commission's approval for extension of thirty days in time for holding the AGM by March 2, 2015. The Commission accorded the requested approval vide letter dated January 1, 2015.
- During the audit, Mr. Mehdi Raza Khan, the Company's Senior General Manager of Accounts, who was the main person dealing with audit and accounts for the last twenty three years, fell ill due to brain hemorrhage. Resultantly, the annual audit of accounts for the year ended September 30, 2014 could not be finalized within the stipulated time.
- Due to the aforesaid indisposition, the Company again applied to the Commission for further extension of thirty days for holding the AGM. The Commission vide letter dated February 11, 2015 refused to allow further extension. The Company was, therefore, constrained to give a shorter notice in order to hold the AGM within the deadline of March 2, 2015.
- The Company's requests for extension in time for holding AGM were based on genuine reasons and the default was not deliberate.

Based on the above statements, the chief executive requested the Commission to take cognizance of the extraordinary and peculiar circumstances and withdraw the proceedings.

5. I have analyzed the facts of the case, relevant provisions of the Ordinance and submissions made by the respondents. The provisions of section 158 are clear and explicit. A company is required to hold its AGM within four month from the close of its financial year. In the case of a listed company, the Commission for any special reason may allow extension up to thirty days for holding the AGM. The extension of thirty days was granted in the case of the Company. The law also envisages a minimum of twenty one days' notice to be given to the shareholders in respect of the AGM. Holding of the AGM is a very important statutory event and provides an opportunity to the shareholders, including those in minority, to participate in discussion and voting on agenda items of the AGM. In order to ensure transparency, the company must





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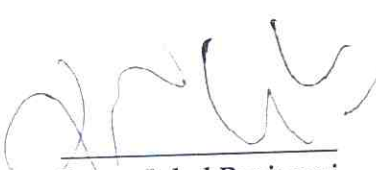
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meticulously follow the procedure prescribed by the Ordinance for holding the AGMs. It is responsibility of directors of a company to oversee the functioning of the company and to keep it appropriately staffed and organized to ensure due compliance of law. They must ensure that AGMs are held in a timely manner and all legal requirements including giving sufficient notice period to shareholders, are complied with. The respondents have cited severe illness of their Senior General Manager Accounts as the main reason for delay in finalization of audit that caused delay in calling of the AGM. In the instant case, the respondents gave a shorter notice to the shareholders for holding the AGM within the extended date of March 2, 2015.

Past track record of holding AGM's by the Company is as follows;

Year End	AGM held on	Delay	Comments
30-Sep-09	30-Jan-10	No	In time
30-Sep-10	28-Feb-11	No	Extension granted
30-Sep-11	01-Mar-12	No	Extension granted
30-Sep-12	02-Mar-13	No	Extension granted
30-Sep-13	28-Feb-14	No	Extension granted
30-Sep-14	02-Mar-15	No	Extension granted

6. In view of the above stated facts, I have concluded that the provisions of section 158 of the Ordinance have been violated as the respondents failed to give notice of the AGM for at least twenty one days before the date of the AGM. However, taking cognizance of good compliance history of the company, reasons cited by the respondents for the default and facts stated in the preceding paragraphs, I hereby conclude the proceedings with a warning to the respondents to be careful in future regarding compliance with applicable legal provisions.

  
**Imran Iqbal Panjwani**

Executive Director / Head of Department (CSD)

**Announced:**  
June 30, 2015  
Islamabad