

Before Ali Azeem Ikram – Head of Department

In the Matter of Show Cause Notice issued to Gammon Pakistan Limited

Dates of Hearing:

December 4, 2020 & February 4, 2021

Order - Redacted Version

Order dated February 16, 2021 was passed by Head of Department (Adjudication-I) in the matter of Gammon Pakistan Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated November 24, 2020
2. Name of Company	Gammon Pakistan Limited
3. Name of Individual*	The proceedings were initiated against the Company.
4. Nature of Offence	<p>Proceedings were initiated in terms of Section 132 of the Companies Act, 2017 (the Act) read with Section 479 thereof.</p> <p>Brief facts of the case are that the Company failed to convene its annual general meeting for the financial year ended June 30, 2019 (<i>the "AGM"</i>) within a period of one hundred and twenty days following the close of its financial year pursuant to sub-section (1) of Section 132 of the Act. It was observed that the Commission vide letter dated September 30, 2019 granted extension of time to the Company to convene its past due AGM latest by November 27, 2019; however, review of Company records revealed that it failed to hold the AGM within the afore-mentioned deadline.</p>
5. Action Taken	<p>Key findings were reported in the following manner:</p> <p>I have analyzed the facts of the case, relevant provisions of the Act, and arguments set forth over the course of the hearing as well as the Company's written correspondence with the Commission. The aforementioned provisions of the law are unambiguous and explicit. A company is required to hold its AGM within a period of one hundred and twenty days from the close of its financial year. Holding of the AGM is a vital statutory event in that it provides an opportunity to the shareholders to participate in the discussion and voting on agenda items of the general meeting which includes consideration and approval of the company's financial statements, which not only shows its financial position and performance, but also shows the results of management's stewardship of resources entrusted to it. In order to ensure transparency and protect the shareholders' rights, all companies must meticulously adhere to the law by following the procedure prescribed under the Act for holding of AGMs.</p> <p>Moreover, the Company has fiduciary duties towards its shareholders hence liable to a higher level of accountability, which requires it to be vigilant and perform its duties with utmost care and prudence. A company is obligated to deliver the mechanisms to ensure the financial and</p>

	<p>operational goals of the company are achieved, whilst ensuring due compliance of the law. In this context, the Company cannot absolve itself from its statutory duties pertaining to holding of AGMs, preparation and filing of annual and quarterly financial statements in a timely manner as specified under the law. AGMs are a vital governance process for the members of a company. It can ensure transparency, provide updates and give members an opportunity to vote on a range of matters with particular reference to governance, discuss the relevance, future development and challenges of the AGM.</p> <p>In view of the preceding facts, taking cognizance of the submissions by virtue of the Company's arguments set forth during the hearing coupled with the fact that the Company has convened its AGM for the year ended June 30, 2019 with a delay on December 27, 2019, I have come to the conclusion that the pertinent provisions of the statute have been violated which renders the Company liable to penal action in terms of Section 132 of the Act.</p> <p>Therefore, in exercise of powers conferred under sub-section (5) of Section 132 of the Act, I hereby impose a fine of Rs. 50,000/- (Rupees fifty thousand only) on Gammon Pakistan Limited.</p>
6. Penalty Imposed	Penalty of Rs. 50,000/- imposed on the Company.
7. Current Status of Order	No Appeal has been filed by the Company.

Redacted version issued for placement on website of the Commission.