

Before Amir M. Khan Afridi - Head of Department

In the Matter of Show Cause Notice issued to Sakrand Sugar Mills Limited

Dates of Hearing:

June 29, 2021 & July 8, 2021

Order-Redacted Version

Order dated August 12, 2021 was passed by Head of Department (Adjudication-I) in the matter of Sakrand Sugar Mills Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated April 12, 2021
2. Name of Company	Sakrand Sugar Mills 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:</p> <ol style="list-style-type: none">i. The Company failed to convene its annual general meeting (AGM) for the financial year ended September 30, 2020 within a period of one hundred and twenty days following the close of its financial year (FY) pursuant to sub-section (1) of Section 132 of the Act.ii. The Company vide application dated December 23, 2020 sought extension of one month to convene its AGM for FY2020, the same was granted by the Commission, and conveyed through its letter dated January 4, 2021 advising the Company to hold the said AGM latest by February 27, 2021.iii. The Company through application dated February 11, 2021 sought further extension of one month to convene its overdue AGM, which was not acceded to by the Commission, and same was conveyed through its letter dated February 17, 2021.
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 during the hearing and the Company's responses. The aforementioned provisions of the law are unambiguous and explicit. Except the first AGM, a company is required to hold its AGM once in every calendar year within a period of one hundred and twenty days following the close of its financial year. Holding of the AGM is a vital statutory requirement as it provides opportunity to the members 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. 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 members hence liable to a higher level of accountability, which requires it to be vigilant and perform its duties with utmost care and prudence. 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.</p> <p>I have considered the written submission of the Respondent and the verbal arguments made during the hearing and observed that the Company has failed to convene the AGM even during the extended time period till February 27, 2021, therefore, provisions of Section 132 of the Act 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. 90,000/- (Rupees ninety thousand only) on Sakrand Sugar Mills Limited.</p>
6. Penalty Imposed	Penalty of Rs. 90,000/- 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.