



Corporate Supervision Department
Company Law Division

Before Ms. Amina Aziz – Director (CSD)

In the matter of

Zeal Pak Cement Factory Limited

Number and date of SCN: No. CSD/ARN/129/2015- 2677-83 dated February 07, 2017
Date of hearing February 22, 2017
Authorized Respondents Mr. Noman Maqbool, C.F.O

ORDER

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

This order shall dispose of the proceedings initiated against the following directors including the chief executive officer (together referred to as “respondents”) of Zeal Pak Cement Factory Limited (the “Company”):

- | | | | |
|---|-------------------------|---|------------------------------|
| 1 | Mr. Mazhar Ali Jatoi | 6 | Mr. Muhammad Moosa |
| 2 | Mr. Jahangir Akbar | 7 | Mr. Mushtaq Ali Shah Bokhari |
| 3 | Mr. Ashraf Ali Jatoi | 8 | Mr. Nawab Ahmed Khanzada |
| 4 | Mr. Nawab Ali Jatoi | | |
| 5 | Mr. Mushtaq Ahmed Jatoi | | |

The proceedings against the respondents were initiated through show cause notice (the “SCN”) dated February 07, 2017 (the “SCN”) under the provisions of section 158 read with section 476 of the Companies Ordinance, 1984 (the “Ordinance”).

2. The brief facts of the case are that the Company was required to hold its annual general meeting (“AGM”) for the year ended June 30, 2016 on or before October 31, 2016, in terms of sub-section (1) of section 158 of the Ordinance. However, review of record revealed that the Company failed to convene the AGM as per requirement of the law. Consequently, the SCN was



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issued to the Company for non-holding of AGM for the year 2016. The SCN was issued to the respondents whereof they were called upon to show cause in writing within fourteen days as to why penal action may not be taken against them under section 158 of the Ordinance for not holding the AGM.

3. The hearing in the matter were fixed on February 22, 2017. Mr. Noman Maqbool appeared before the undersigned on behalf of the Company. He stated that the overdue AGM has not been held but is expected to be held in March 2017. Hence the Company is still in default thus, this Order.

4. Before proceeding further, it is necessary to advert to the following relevant provisions of the Ordinance. Sub-section (1) of section 158 of the Ordinance, inter alia, provides as under:

Every company shall hold, in addition to any other meeting, a general meeting, as its annual general meeting, within eighteen months from the date of its incorporation and thereafter once at least in every calendar year within a period of four months following the close of its financial year and not more than fifteen months after the holding of its last preceding annual general meeting:

Sub-section (4) of section 158, inter alia, provides as under:

If default is made in complying with any provision of this section, the company and every officer of the company who is knowingly and willfully a party to the default shall be liable,--

(a) if the default relates to a listed company, to a fine not less than fifty thousand rupees and not exceeding five hundred thousand rupees and to a further fine not exceeding two thousand rupees for every day after the first during which the default continues;

In terms of the Commission's notification SRO 1003 (I)/2015 dated October 15, 2015, the powers to adjudicate cases under section 158 have been delegated to the Director (Corporate Supervision Department).

5. I have analyzed the facts of the case, relevant provisions of the Ordinance, and facts available on record. The aforesaid provisions of the law are clear and explicit. A company is required to hold its AGM within four month from the close of its financial year provided that the Commission may extend the time for thirty days based on application by the company. Holding of 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. This includes consideration and approval of a company's financial statements, which not only show the financial position and performance of the company but also show the results of

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management's stewardship of resources entrusted to it. The timeline of the provision of financial statements to the shareholders is of utmost importance. The investment decisions of the shareholders are based on the information

presented to them in financial statements. Delay in presentation of the said information could lead to either uninformed decision or have an adverse effect with respect to its timing. In order to ensure transparency, the company must meticulously follow the procedure prescribed by the Ordinance for holding the AGMs. In addition to their responsibilities of overseeing and managing affairs of the Company, directors also have fiduciary duties towards the Company and its shareholders. They are, therefore, liable to a higher level of accountability which requires them to be vigilant and perform their duties with care and prudence. It is directors' responsibility to oversee the functioning of the company, to keep it appropriately staffed and organized to ensure due compliance of law. In this context the respondents cannot absolve themselves of their statutory duties regarding holding of AGMs and preparing and filing of annual and quarterly accounts in a timely manner as required by the law.

6. In view of the above stated facts, I have concluded that the provisions of the law have been violated and the respondents are liable to fine in terms of section 158 of the Ordinance, as they have failed to hold the AGM of the Company for the year ended June 30, 2016 despite elapse of considerable time after the due date. Therefore, in exercise of powers conferred by sub-section (4) of section 158 of the Ordinance, I hereby impose a fine of Rs.50,000 (Rupees fifty thousand only) on each of the respondents, as per following details:

S. No	Names of Directors	2016	Amount in Rs.
1	Mr. Mazhar Ali Jatoi	50,000	50,000
2	Mr. Jahangir Akbar	50,000	50,000
3	Mr. Ashraf Ali Jatoi	50,000	50,000
4	Mr. Nawab Ali Jatoi	50,000	50,000
5	Mr. Muhammad Moosa	50,000	50,000
6	Mr. Mushtaq Ali Shah Bokhari	50,000	50,000
7	Mr. Mushtaq Ahmed Jatoi	50,000	50,000
8	Mr. Nawab Ahmed Khanzada	50,000	50,000
	TOTAL		400,000





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The aforesaid fines must be deposited in the designated bank account maintained with MCB Bank Limited in the name of the "Securities and Exchange Commission of Pakistan" within thirty days from the receipt of this order and receipted bank vouchers must be furnished to the Commission. In case of non-deposit of the fine, proceedings for recovery of the fines as arrears of land revenue will be initiated. It may also be noted that the aforesaid fines are imposed on the respondents in their personal capacity; therefore, they are required to pay the said amount from personal resources.

Amina Aziz
Director (CSD)

Announced:
March 15, 2017
Islamabad