

Before

Amir M. Khan Afridi, Director/Head of Department

In the matter of

Gammon Pakistan Limited

Date of Hearing

December 03, 2021

Order-Redacted Version

Order dated January 6, 2022 was passed by Director/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 July 19, 2021
2. Name of Company	Gammon Pakistan Limited
3. Name of Individual*	The proceedings were initiated against Board of Directors of the Company.
4. Nature of Offence	In terms of sub-section 3 of Section 176 of the Companies Act, 2017 (the Act), the board of a public company is required to meet at least once in each quarter of a year. Hence, the Respondents, <i>prima facie</i> , defaulted in terms of Section 176 of the Act by not holding at least one board meeting in each quarter of financial years of 2019 and 2020. Keeping in view the above non-compliances, proceedings under sub-section (3) of Section 176 of the Act were initiated against the Respondents through the SCN to show cause in writing within fourteen days as to why penalty may not be imposed for contravening the requirements of the Act.
5. Action Taken	Key findings are given as hereunder: I have gone through the facts of the case and observed that compliance with the provisions of Section 176 of the Act is mandatory and require that the board of a public company shall meet at least once in each quarter of a year. The Respondents however did not ensure compliance in terms of sub-section (3) of Section 176 of the Act, as no board meeting was held in quarters mentioned. In this regard, the auditors' review report on SOC annexed with Accounts of 2020 also reported that: " <i>We noted that board meetings were held late and not within each quarter</i> ". The Respondents are of the view that compliance was subsequently made i.e. board meetings were lately held and COVID-19 pandemic caused delay. These arguments of the Respondents are not tenable. The reason being that the Board meetings can be held virtually.

	<p>Keeping in view the above, I am of the view that provisions of Section 176 of the Act have been contravened and the Respondents are liable for penalty under sub-section (4)(a) of Section 176 of the Act read with Section 479 thereof. I, therefore, in term of powers conferred under Section 176 of the Act impose an aggregate penalty of Rs. 200,000/- (Rupees Two Hundred Thousand only) on the Respondents.</p> <p>The aforesaid penalties 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 (30) days of the date of this order and furnish receipted bank vouchers to the Commission. In case of non-deposit of the said penalty, proceedings under Section 485 of the Act thereof will be initiated for recovery of the same as arrears of land revenue. It may also be noted that the said fines are imposed on Respondents in their personal capacity, therefore, they are required to pay the said amount from their personal resources.</p> <p>Nothing in this Order may be deemed to prejudice the operation of any provision of the Act providing for imposition of penalties in respect of any default, omission or violation of the Act.</p>
6. Penalty Imposed	Rs. 200,000/-
7. Current Status of Order	No Appeal has been filed by the Company.