



# SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

## Adjudication Department- I

### Adjudication Division

ORDER	
Name of Company	Haseeb Waqas Sugar Mills Limited, its Board of Directors and Company Secretary
Show Cause Notice No. & Date:	CSD/ARN/446/2017-352 dated: June 25, 2024
Date(s) of Hearing(s):	(i) August 28, 2024 (ii) November 05, 2024
Case represented by:	Mr. Ansar Ahmad (the Authorized Representative)
Provision of law involved:	Under Section 132 read with Section 479 of the Companies Act, 2017

This Order shall dispose of the proceedings initiated by the Securities and Exchange Commission of Pakistan (**the Commission**) against M/s. Haseeb Waqas Sugar Mills Limited (**the Company**), its Board of Directors (BoDs) and the Company Secretary (herein collectively referred as **Respondents**) through Show Cause Notice CSD/ARN/446/2017-352 dated June 25, 2024 (**the SCN**) issued under Section 132 of the Companies Act, 2017 (**the Act**) read with Section 479 thereof.

2. The brief facts of the case are that in terms of sub-section (1) of section 132 of the Act, the Respondents were required to hold the Annual General Meeting for the Financial Year ended September 30, 2023 (**the AGM**) within a period of one hundred and twenty (120) days following closure of the said Financial Year (FY); latest by January 30, 2024. The Company was unable to hold AGM within the specified time, and requested, vide application dated January 19, 2024 for extension of thirty (30) days to convene its AGM which was not acceded to by the Securities and Exchange Commission of Pakistan (**the Commission**) and the Company was advised to ensure compliance with the relevant provisions of the Act through Commission's letter dated February 12, 2024.

3. It is pertinent to mention here that the Company through an earlier PSX announcement (notice) dated January 8, 2024 notified its members on the AGM to be held on January 27, 2024; where, among other matters, laying of audited financial statements was part of the agenda. The AGM was later rescheduled to be held on March 8, 2024 via a subsequent PSX announcement dated February 27, 2024. The Company eventually held its AGM for FY 2023 on March 8, 2024, i.e., with a delay of 39 days.

4. As the Respondents failed to hold the AGM within the stipulated time, the SCN was issued to the Respondents, calling upon them to show cause in writing as to why punitive action may not be taken against them for the afore-said default pursuant to the penal provisions of sub-section (5) of Section 132 of the Act read with Section 479 thereof. In response, the Company submitted its reply vide letter dated July 04, 2024, the excerpts of which are provided as under:

- i. The Annual General Meeting of Haseeb Waqas Sugar Mills Limited was scheduled to be held on January 27, 2024 at registered office of the Company.
- ii. Annual Audited Accounts approved by the Board of Directors could not be signed by our external auditors M/s Qadeer & Co Chartered Accountants (**the Auditor**) due to the death of their senior Partner. Moreover, alternate partner who had to sign the report was out of country.
- iii. The company, in light of advice of the auditors, applied for extension in the AGM to the SECP which was not approved and the Company was advised to ensure compliance with the relevant provisions of the act and hold AGM. Hence, the meeting was rescheduled on March 08, 2024 at registered office of the company to consider the agenda items already circulated to the shareholders of the company.

*Handwritten signature and date: 15-01-2025*

iv. The non-compliance under Section 132 of the Companies Act, 2017 was completely inadvertent and beyond control of the Company. It is requested to condone the delay on holding the AGM and SCN under reply may be withdrawn with no further action taken.

5. In order to provide the Respondents an opportunity of personal representation, hearing in the matter was fixed for August 28, 2024 that was attended by Mr. Ansar Ahmad (Company Secretary) as Authorized Representative (**the Authorized Representative**) on behalf of the Respondents via the Zoom meeting. During the hearing proceedings, the Authorized Representative reiterated the arguments as provided in its earlier response dated July 04, 2024. Subsequent to the hearing proceedings, the Company vide its letter dated August 29, 2024 furnished additional written submissions, the relevant excerpts of which are provided as under:

- i. Approved accounts were submitted to the Auditor for giving their audit report on the financial statements for the year ended September 23, 2023. However, they did not sign the audit report and wrote a letter to the Board of Directors of the Company to seek extension from SECP in holding the AGM, a copy of which was provided.
- ii. The Company applied for extension in AGM however, the Commission did not approve and advised us to ensure compliance with the relevant provisions of the Act and hold AGM accordingly. Hence, the AGM was rescheduled on March 08, 2024.
- iii. The non-compliance under section 132 of the Companies Act 2017 was completely inadvertent and beyond control of the Company.

6. In order to meet the ends of justice, another hearing in the matter was fixed on November 05, 2024, due to change of Authorized Officer, which was attended by the Authorized Representative on behalf of all the Respondents. During the hearing proceedings, the Authorized Representative reiterated its earlier stance and requested for taking a lenient view in the matter.

7. I have considered the submissions of the Respondents, the relevant provisions of the law and the record available with this office. At this juncture, it is important to discuss the following legal and factual elements:

- i. Holding of AGM is vital statutory requirement as it provides an opportunity to the members to participate in the discussion and vote on agenda items of general meeting which also includes consideration and approval of company's financial statements.
- ii. In the case of Mian Muhammad Ilyas Mehra and 17 others v Appellee Bench No. III, Securities and Exchange Commission of Pakistan, Islamabad and others (2009 CLD 883), it has been maintained by the High Court, "*The Court...highlighted and emphasized the significance of holding the annual meeting by a company as a hallmark of corporate democracy and held that the binding nature of the requirement to hold Annual General Meeting is clearly discernable from the fact that failure to hold such meeting consecutively made a company liable to wound up under the Act....Section 158(4) of the Companies Ordinance 1984, unqualified terms, provides for holding of Annual General Meeting. No departure is permissible from the compliance of the mandatory provisions of section 158. The Company is an artificial person and those who manage its affairs are under legal as well as fiduciary obligation, to run the affairs of the company as the law requires. Corporate democracy is the essence of the juristic person.*"
- iii. It is pertinent to note that the Company through announcement dated January 08, 2024 through the PSX notified its members for holding its AGM on January 27, 2024; wherein it was part of the agenda to consider the Audited Accounts of the Company for the FY 2023 together with Directors' and Auditors' Report. However, as emanated from the submissions made by the Authorized Representative, the Company did not have duly audited financial statements for FY 2023, which it was bound to send to every member who is entitled to receive notice of AGM

Order in the matter of M/s. Waqas Sugar Mills Limited, its Board of Directors (BoDs) and the Company Secretary

*[Handwritten signature and date]*  
15-01-2025

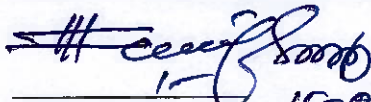
as per the regulatory framework. Therefore, any events subsequent to the publication of the aforesaid AGM notice do not stand a plausible ground per se.

8. In view of the preceding facts, I am on the considered view that failure to hold AGM within the stipulated time, despite clear provisions of the law and advice by the Commission to ensure compliance, is in contravention of section 132(1) of the Act which renders the Respondents liable to penal action under 132(5) of the Act. I have also given due attention to the ground presented by the Authorized Representative to the said non-compliance, however, none of the ground seems to justify the non-adherence with the mandatory provisions of law. I, therefore, in exercise of powers conferred under sub-section (5) of Section 132 of the Act read with Section 479 thereof and SRO No. 1545(1)/2019, hereby impose an aggregate penalty of **Rs. 210,000/- (Rupees Two Hundred and Ten Thousand only)** on the Respondents in the following manner:

S.No.	Name of Respondent(s)	Penalty Amount
1.	Haseeb Waqas Sugar Mills Limited	30,000
2.	Mr. Raza Mustafa, Director	20,000
3.	Mian Abdullah Ilyas, Director	20,000
4.	Mian Waqas Riaz, Director	20,000
5.	Ms. Yasmin Riaz, Director	20,000
6.	Ms. Zainab Waqas, Director	20,000
7.	Ms. Shahzadi Ilyas, Director	20,000
8.	Ms. Zakia Ilyas, Director	20,000
9.	Ms. Aqsa Riaz, Director	20,000
10.	Mr. Ansar Ahmed, Company Secretary	20,000
	<b>Total Amount</b>	<b>210,000</b>

9. The Respondents are also advised to ensure meticulous compliance with the applicable legal and regulatory framework in the future.

10. The Respondents are, hereby, directed to deposit the aforesaid amount of penalty in the designated bank account maintained in the name of the Commission with MCB Bank Limited or United Bank Limited within thirty (30) days from the date of this Order and to furnish a receipted bank challan to the Commission forthwith. In case of failure to deposit the penalty, the proceedings under Section 485 of the Act will be initiated for recovery of the fines as arrears of land revenue pursuant to provision of Section 42 of the Securities and Exchange Commission of Pakistan Act, 1997 (the SECP Act).

  
15-01-2025

(Sohail Qadri)  
Director  
Head of Department - Adjudication Department-I  
Dated: January 15, 2025

Announced:  
Islamabad

