



# SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

## Adjudication Department-I

### Adjudication Division

ORDER	
Name of Company:	M/s. S.G. Power Limited.
Show Cause Notice No. & Date:	CSD/ARN/201/2015-325 dated June 10, 2024
Name of Respondents:	i. M/s. S.G. Power Limited; ii. Mr. Sohail Ahmed, Chief Executive Officer; iii. Mr. Asim Ahmed – Director; iv. Mrs. Saba Sohail – Director; v. Mrs. Sana Sohail- Director; vi. Mr. Farhan Sohail – Director; vii. Mr. Salim Razak Tabani – Independent Director; and viii. Mr. Mansoor Mubeen – Independent Director;
Date(s) of Hearing(s):	i. August 27, 2024; and ii. May 20, 2025
Case represented by:	Mr. Amir Khan Afridi, Corporate Consultant ( <i>the Authorized Representative</i> )
Provision of law involved:	Section 159 of the Companies Act, 2017 read with Section 169 and Section 479 thereof.
Date of the Order:	June 02, 2025

This Order shall dispose of the proceedings initiated by the Securities and Exchange Commission of Pakistan (**the “Commission”**) through Show Cause Notice No. CSD/ARN/201/2015-325 dated June 10, 2024 (**“SCN”**) issued to M/s. S.G. Power Limited (**the Company**) and its Board of Directors, including the Chief Executive Officer, hereinafter collectively referred to as the **“Respondents”**, under Section 159 of the Companies Act, 2017 (**the Act**) read with Section 169 thereof.

2. Provisions of Section 159 of the Act require that the existing directors of a company shall fix the number of directors to be elected in the general meeting, not later than thirty-five (35) days before convening of such meeting and the number of directors so fixed shall not be changed except with the prior approval of the general meeting in which election is to be held. Furthermore, provisions of Section 169 of the Act provide that whoever contravenes or fails to comply with any provisions of Section 154 to 168 or is a party to the contravention of the said provisions shall be held liable to a penalty of level 2 on the standard scale and may also be debarred by the authority which imposes the penalty from becoming or continuing a director of the company for a period not exceeding three (3) years.

3. Brief facts of the case are that review of the notice of Annual General Meeting (AGM) for Financial Year (FY) 2023 of the Company dated October 06, 2023 revealed that the Board of Directors proposed election of nine (09) directors in the AGM held on October 27, 2023. Further scrutiny of the AGM minutes revealed that, contrary to the AGM Notice, the Company actually elected only seven (07) directors on its board where the notice showing members' intent to contest the election also listed only seven (07) members.

*Handwritten signature and date:*  
1-6-2025  
02-06-2025

4. In order to probe, the matter was taken up with the Company vide Commission's letter dated January 26, 2024; in response to which the Company through letter dated March 01, 2024, *inter alia*, stated that:

*"regarding wrong publication of the AGM notice it is stated that this was due to the mistake of printer who had overlooked the new notice and printed the old one. It is confirmed that proper notice was sent to shareholders on PSX on October 06, 2023 and "all retiring directors had filed their intentions to contest election within statutory period. No notice from any other member of the company was received from contesting election."*

5. Based on the incomplete information quoted above, the Commission vide letter dated March 14, 2024 reiterated its queries advising the Company to explain the discrepancy in respect of the number of elected directors along with the minutes of the board meeting as well as copies of notice. The Company in its response dated April 04, 2024 failed to provide any reasonable grounds against the alleged non-compliances. In view of the afore-mentioned instances, the Respondents, *prima facie*, contravened the provisions of Section 159(1) of the Act which attract the penal provisions provided in Section 169 of the Act.

6. Taking cognizance in the matter, SCN was issued to the Respondents to show the cause in writing as to why a penal action may not be taken for non-compliance of the mandatory requirements of the Act. However, the Respondents failed to submit response to SCN within the stipulated time.

7. In order to provide opportunity of personal representation, hearing in the matter was fixed on August 27, 2024 whereas Mr. Amir Khan Afridi (Corporate Consultant from M/s. M.J. Panni Associates) appeared as **Authorized Representative** on behalf of the Respondents. The Authorized Representative submitted the following arguments which were also reiterated vide an even dated letter furnished during the hearing:

- i. *Notice dated October 6, 2023 of the AGM by the Company for the financial year ended June 30, 2023, in its para 3 states that nine (9) directors will be elected. This was actually an unintentional error as actually the Board of Directors (the Board) of the Company in its meeting held on September 30, 2023 had approved appointment of seven (7) directors. The Company's notice dated October 20, 2023 published in the daily, "Dunya", Karachi dated October 20, 2023 also states that a total of seven members have intimated their intention to offer themselves for election as directors of the Company. Further, all the retiring seven directors had filed their intentions to contest election within the statutory period. No notice from any other member of the Company was received for contesting election.*
- ii. *Regarding the wrong printing of AGM notice in the annual report, it is stated that this was due to the mistake on part of the printer who had overlooked the new notice and printed the old one. This had come to the light after receipt of printed copies from the printer. The mistake is sincerely apologized.*
- iii. *In light of the above submission, the Company requested to withdraw the SCN and take a lenient view in the matter.*

*## cancelled  
1-02-06-2025*

8. In order to meet the ends of justice, another hearing in the matter was fixed on May 20, 2025 on which date the Authorized Representative again appeared before the Adjudicating Officer. During the course of hearing proceedings, the Authorized Representative reiterated the earlier made written and verbal submissions and requested for leniency on the basis that the mistake made in published notice of the AGM for FY 2023 in terms of number of directors as nine (09) was inadvertent and without any ill intention. The Authorized Representative further assured of exercising due care and caution in the future.

9. I have reviewed the facts of the case and also considered the written and verbal submissions made by the Respondents through their Authorized Representative. I have also reviewed the relevant provisions of the law, especially the relevant clauses of Section 159 of the Act. At this juncture, it is important to observe that with regard to the discrepancy in the number of directors mentioned/ disclosed in the AGM Notice for FY 2023, the Company submitted that it was an inadvertent mistake and the Board of Directors of the Company in its meeting held on September 30, 2023 had actually approved appointment of seven (07) directors for the upcoming term where a copy of the minutes of the board meeting was furnished as documentary evidence. Further, the Authorized Representative submitted that the AGM notice dated October 20, 2023 published in "Dunya" newspaper Karachi also stated that a total of seven (07) directors have intimated their intention to offer themselves for election as directors of the Company. In view of the documentary evidences, it is observed that an error was made in the published notice of AGM held on October 27, 2023 which is admitted by the Authorized Representative of the Company and available on record. However, it is important to observe that the argument presented by the Authorized Representative that this typographic error was made by the printer does not absolve them of the mistake as printer was only acting as an agent and it is a settled principle that for every action of the agent, the principal shall be held liable.

10. In view of the foregoing facts, I am of the considered opinion that the discrepancy observed in the number of directors in the notice of AGM dated October 06, 2023 was an error which is also admitted by the Authorized Representative. However, the same, especially in the context of the available record of BoD minutes deciding the number of Directors to be elected along with the notice published in the newspaper was an inadvertent typing error and the Authorized Representative has assured to remain vigilant and cautious in the future. Therefore, I am inclined to take a lenient view in the instant matter and in exercise of the powers conferred under Section 169 of the Act read with SRO 1545(I)/2019 dated December 06, 2019, I, hereby conclude the proceedings without any penal consequences and with a strict **ADVICE** to ensure compliance of relevant provisions of the Act in the future.

  
1-02-06-2025

(Sohail Qadri)

Director/ Head of Department  
Adjudication Department-I

**Announced:**

Dated: June 02, 2025

Islamabad.

