



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department-I

Adjudication Division

ORDER	
Name of Company:	Imperial Limited
Show Cause Notice No. & Date:	No. Adj.I/ARN/64/2024-783 dated December 30, 2024
Respondents:	(i) Mr. Waqar Ibn Zahoor Bandey, Chairman; (ii) Mr. Naveed M. Sheikh, Director/ Chief Executive; (iii) Mr. Muhammad Tariq, Director; (iv) Mr. Ibrahim Naveed Sheikh, Director; (v) Mr. Shahzad Ullah Khan, Director; (vi) Mr. Najam Faiz, Director; (vii) Mrs. Fakhra Chaudhry, Director; (viii) Mr. Falraz Anwer, Company Secretary; and (ix) Imperial Limited
Date(s) of Hearing(s):	(i) January 24, 2025
Case represented by:	(i) Ms. Aqsa Amin of UHY Hassan Naem & Co. Chartered Accountants; (ii) Mr. Falraz Anwer, company Secretary; and (iii) Mr. Ibrahim Naveed Sheikh, Director (Authorized Representatives)
Provision of law involved:	Section 132 of the Companies Act, 2017 read Section 479 thereof
Date of Order:	March 17, 2025

This Order shall dispose of the proceedings initiated by the Securities and Exchange Commission of Pakistan (the “**Commission**”) through the Show Cause Notice No. Adj.I/ARN/64/2024-783 dated December 30, 2024 (the “**SCN**”) against M/s Imperial Limited (the “**Company**”), its Board of Directors (**BoD**) and Company Secretary, hereinafter collectively referred to as the “**Respondents**”, 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 the Company was required to hold its Annual General Meeting for the year ended June 30, 2024 (the “**AGM**”) within a period of one hundred and twenty (120) days following the close of its aforesaid financial year, in terms of Section 132(1) of the Act. The relevant provisions of law are reproduced hereunder:

“132. Annual general meeting.—(1) Every company, shall hold, an annual general meeting within sixteen months from the date of its incorporation and thereafter once in every calendar year within a period of one hundred and twenty days following the close of its financial year...”

(5) Any contravention or default in complying with requirement of this section shall be an offence liable— (a) in case of a listed company, to a penalty of level 2 on the standard scale...”

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3. The Commission acceded to a request of the Company for an extension for thirty (30) days for holding the AGM i.e. latest by November 27, 2024 (**extended time**). However, a perusal of the relevant record of the Commission revealed that the Company published a Notice dated November 29, 2024, for holding its AGM on December 26, 2024 (i.e. with a delay of 30 days from the extended time). In view of the above, the Respondents have *prima-facie* failed to hold its AGM within the prescribed time.

4. Accordingly, SCN was served upon the Respondents to show the cause in writing as to why a penal action may not be taken against them for non-compliance with the provisions of Section 132 of the Act. The Company vide letter dated January 13, 2025, submitted a written response to the SCN, inter alia, submitted the following:

- i The delay in holding the AGM was unintentional and resulted from the non-finalization of the audit for the year ended June 30, 2024.
- ii The Company applied to the Commission for an extension in holding the AGM, which was granted until November 27, 2024. A subsequent extension request was denied vide letter dated November 8, 2024.
- iii The audit delay was due to unforeseen circumstances, including the resignation of the previous Chief Financial Officer (CFO) and the serious illness of the newly appointed CFO, affecting the finalization of accounts.
- iv The AGM was successfully held on December 26, 2024, and all regulatory requirements have been met.
- v The Company requests the Commission to consider these uncontrollable circumstances and assure full compliance with the Act in the future.

5. Nevertheless, in order to meet the ends of justice and provide an opportunity of being heard to the Respondents, hearing in the matter was fixed for January 24, 2025 which was attended by Ms. Aqsa Amin of UHY Hassan Naeem & Co. Chartered Accountants; Mr. Falraz Anwer, Company Secretary; and Mr. Ibrahim Naveed Sheikh, Director; on behalf of the Respondents as their Authorized Representatives ("**Authorized Representative**"). The Authorized Representative reiterated the stance taken in the written response and further asserted as under:

- i The Company's CFO resigned in April 2024, and a successor was appointed in August 2024. However, soon after assuming the role, the new CFO was diagnosed with a severe illness, which severely impacted the audit process for the fiscal year ending June 30, 2024. Due to his prolonged illness, he ultimately resigned, and a third CFO was appointed in January 2025. As a result, the AGM and shareholder approval of the annual financial statements were delayed.
- ii The Authorized Representative further added that the Company operates with a very small team. They explained that the Company was previously in the sugar business, which ceased operations in 2014. One production unit was sold in 2017, and the remaining one is in the process of being sold. In 2020, the Company also changed its name. Additionally, the fiscal year, which previously ended on September 30, was shifted to June 30 in the year 2022.
- iii The Authorized Representative emphasized that the Company followed legal procedures by obtaining an extension to hold the AGM until November 27, 2024. They later requested a further extension, which was denied on November 8, 2024. Despite this, they issued a notice for the AGM on November 29, 2024, and successfully conducted it on December 26, 2024. They requested a lenient view, given that the AGM has been held, and assured full compliance with regulations in the future.

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6. I have gone through the relevant provisions of Section 132(1) of the Act, and considered the facts of the case, available record of the Company, as well as written and verbal submissions of the Respondents and the Authorized Representative. I have also perused Section 132(5) of the Act, which stipulates penal provisions for contravention of the afore-referred provisions of law. I have noted that in terms of Section 132(1) of the Act, every company is required to hold its AGM once in every calendar year within a period of one hundred and twenty (120) days following the close of its financial year. Accordingly, the Company was obligated to hold its AGM for the financial year 2023-24 by October 28, 2024, which it has evidently failed to do so even within an extended timeline/timeframe granted by the Commission until November 27, 2024. The holding of AGMs in a timely manner is a crucial legal requirement that ensures transparency, accountability, and shareholder engagement. It allows shareholders to participate in discussions, approve financial statements, and hold management accountable. Adhering to legal provisions under the Act is essential for protecting shareholders' rights, fostering trust, and promoting good corporate governance. A listed company must meet its statutory duties to hold AGMs on time, facilitating open communication and feedback from its shareholders.

7. In a judgment passed by the Appellate Bench of the Commission in the matter of *Gulistan Spinning Mills Limited vs. Director/HoD Adjudication-I* (Appeal No. 71 of 2022), it was held that "A public listed company has a higher responsibility to disseminate a true and accurate state of affairs to all the stakeholders by holding the AGM within the stipulated time so that appropriate and timely decisions are made. Therefore, the Company, the BoD and Company Secretary should have conducted the AGM as per the applicable legal framework." Similarly, in 2017 CLD 839 [Appeal No. 28 of 2013], it was held that "...the facts of the case are clear and evident that the Appellants failed to conduct the AGM within stipulated time...therefore, they have acted against the fiduciary responsibilities towards the Company in capacity of directors...it was the collective responsibility of the directors of the Company to hold the meeting in accordance with law but they have failed to comply with the requirements of law, therefore no distinction could be assumed regarding guilt or innocence of the directors..."

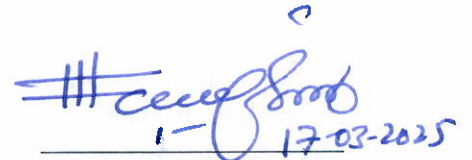
8. The fact that the Respondents applied for an extension and were granted time until November 27, 2024, indicates that they were fully aware of their obligation to hold the AGM within the extended timeframe. However, their failure to convene the AGM even within this extended period shows a lack of due diligence. Moreover, the second extension request being not provided in the relevant provision of the Act, was explicitly rejected by the Commission through its letter dated November 8, 2024. The Respondents were expected to comply with the time lines for holding of AGM, and their failure to do so constitutes wilful negligence rather than an unavoidable lapse.

9. The justifications provided by the Respondents and the Authorized Representative, including the resignation of the earlier CFO and illness of the newly appointed CFO, do not absolve them of their statutory obligations. Ensuring timely compliance with legal and regulatory requirements is the fundamental responsibility of the BOD and management, regardless of internal challenges. The claim of operating with a limited workforce highlights inadequate governance and contingency planning. While the CFO's resignation and subsequent illness were unfortunate, they do not constitute a valid legal excuse for non-compliance. Regulatory compliance is a collective responsibility of the entire BOD and Management, not a single officer. The Respondents' admission of having a thin staff further reflects a lack of proper succession planning and internal controls, which a well-governed company must have to prevent such lapses.

10. The fact that the AGM was eventually held on December 26, 2024, with a delay of thirty (30) days, does not absolve the Respondents from liability for violating Section 132(1) of the Act. The AGM was convened beyond the extended deadline, which demonstrates a failure to adhere to statutory timelines.

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11. In view of the preceding facts, I am of the considered view that by failing to hold AGM within the prescribed timeframe, despite being granted an extension, the contravention with the requirements of sub-section (1) of Section 132 of the Act has been established beyond doubt which attracts penal action in terms of sub-section (5) of Section 132 of the Act. I have also given due attention to the grounds presented by the Respondents and their Authorized Representative to the said non-compliance. Due consideration has also been given to the previous compliance history of the Company and the fact that the AGM for the year ended June 30, 2024 has now been conducted on December 26, 2024. I, therefore, in exercise of the powers conferred upon me under sub-section (5) of Section 132 of the Act, hereby, strictly **WARN** the Respondents and advise them to ensure meticulous compliance with the applicable legal and regulatory framework in future.


17-03-2025
Sohail Qadri
Director/ HOD
Adjudication Department-I

Announced:

Dated: March 17, 2025

Islamabad