



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department- I

Adjudication Division

Before

Shahzad Afzal Khan –Director/ Head of Adjudication Department-1

In the Matter of

S.G Allied Businesses and its Chief Executive/ Directors

Number and Date of SCN: CSD/ARN/258/2016
dated May 24, 2024

Hearing(s) Dates: August 26, 2024

ORDER

Under Section 132(3) of the Companies Act, 2017 read with Section 510(2) thereof and Circular No. 10 of 2019

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/258/2016/334 dated May 24, 2024 (the SCN) under 132(3) of the Companies Act, 2017 read with Section 510(2) thereof and Circular No. 10 of 2019 (Circular No. 10) against the board of directors and Chief Executive Officer (CEO), hereinafter collectively referred to as the **Respondents**, and S.G Allied Businesses Limited (the **Company**).

2. Brief facts of the case are that review of annual audited financial statements for the Financial Year (FY) ended June 30, 2023 of the Company was carried out and it was transpired that the Company failed to:

- a. send notice of its Annual General Meeting for FY 2023 held on October 27, 2023 to the Commission along with copies of newspapers clippings of the said notice within three (3) days of its publication.
- b. transmit the AGM notice to the Commission along with statement under Section 134 of the Act via fax or email through the designated email address.

3. The Commission vide letter dated March 13, 2024 sought clarification from the Company with respect to the afore-said violation, in response to which the Company submitted the following through its letter dated April 02, 2024:

“In compliance with the requirements of Section 132(3) of the Act, copy of the notice was sent to SECP by courier and copy of receipt is attached, however, the omission to send the same by email is regretted.”

4. Further scrutiny of the Company’s reply quoted revealed that it sent copies of its AGM notice to the Commission’s offices in Karachi and Islamabad via courier, on February 20, 2024 (i.e. with a significant delay). Therefore, the stance adopted by the Company that it has complied with the requirement of Section 132(3) of the Act w.r.t physical copies of the notices were sent to the Commission is not correct as these were submitted with a significant delay. Further, the Company has not complied with Circular No. 10 of 2019 by not sending the published notices (physical and email)



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5. The said non-compliance attracts applicability of the penal provisions contained in Section 510(2) of the Companies Act, 2017 (**the Act**).

6. The Respondents via Consultant letter dated June 26, 2024 provided written response to the SCN, the relevant extract of which is provided as under:

- A. “NON-SENDING OF NOTICE OF AGM FOR FINANCIAL YEAR 2023 TO SECP**
In compliance with the requirement of section 132(3) of the Companies Act, 2017, copy of the notice was sent to SECP by courier on April 04, 2024. Copy of the courier receipt is attached at Annexure-I. However, the omission to send the same by email is regretted. Compliance will be ensured in future.
- B. TRANSMISSION OF ANNUAL GENERAL MEETING (AGM) NOTICE TO SECP ALONG WITH STATEMENT UNDER SECTION 134 OF THE ACT VIA FAX/EMAIL**
- (i) *The notice of AGM dated October 06, 2023 along with the annual financial statements was sent to the members, PSX and the Commission. Earlier the financial statements were uploaded on PSX on the same day the Board approved them on September 18, 2023.*
- (ii) *As the printer was taking longer time to supply the printed reports, the Directors Report and the Statement of Compliance could not be sent earlier. As regard deficiencies in Directors Report, these will be addressed in the next Directors Report.*
- (iii) *The delay in submission of the accounts was not due to fault of the Company and was a force majeure act of the printer. The default being not willful may kindly be condoned. The Company had duly complied with all the requirements of section 134 except that it had not been communicated to SECP **through email**. The said omission is highly regretted.”*

7. To provide an opportunity for personal representation, hearing in the matter was scheduled for August 26, 2024 during which Mr. Amir Khan Afridi (Consultant) appeared as the authorized representative (**the Representative**) on behalf of the Respondents. During the hearing, the Representative submitted that copy of notice was sent to the Commission on April 04, 2023 however, the same could not be sent via email which was overlooked inadvertently.

8. As regards the matter at hand, I have analyzed the facts of the case on the basis of the relevant provisions of the Act, and the available record. In this regard, it is observed that:

1. Whether the Company complied with the requirement to submit the notice of its Annual General Meeting (AGM) and newspaper clippings within three days of publication as stipulated in Circular No. 10 of 2019?

No, the Company did not comply with the requirement. Circular No. 10 of 2019 mandates that a copy of the newspaper in which the notice was published, along with the notice itself, should be filed with the SECP within three days of publication. The Company's response indicates that it sent the notice to the SECP via courier significantly later, on April 4, 2024, which clearly violates this requirement.

2. Whether the omission of sending the AGM notice to the Commission via email is a valid justification for non-compliance with the requirements of Circular No. 10 of 2019 and Section 132(3) of the Companies Act, 2017?

No, the omission is not a valid justification. Section 132(3) requires that notice of the AGM be sent to the Commission as well as to members. The failure to send the notice via email





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constitutes non-compliance with both the Companies Act and Circular No. 10 of 2019. The Company's claim that it sent the notice by courier does not absolve it of its duty to comply with all specified methods of communication, including electronic transmission.

3. **Whether the Company's claim of a "force majeure" event (i.e., the printer's delay) is sufficient to excuse the late submission of the AGM notice and the Directors' Report?**

No, the force majeure claim is insufficient. While delays from third-party vendors may impact operations, the Company must maintain robust processes to mitigate such risks. The Companies Act emphasizes timely compliance with its provisions, and relying on external delays as a justification for non-compliance does not meet the necessary standard of due diligence expected from the Company. Therefore, the late submission is not excused.

9. Keeping in view of the aforesaid, contravention with the requirement of Section 132(3) of the Act and Circular No. 10 at relevant point in time is established, for which the penal provision contained in section 510(2) is attracted. In exercise of the powers conferred upon me, I hereby impose penalties on the Company and its Board of Directors as detailed below:

S. No	Name of Respondent	Penalty Imposed (PKR)
1	S.G Allied Businesses Limited	30,000
2	Mr. Sohail Ahmed	25,000
3	Mr. Asim Ahmed	25,000
4	Ms. Saba Sohail	25,000
5	Ms. Sana Sohail	25,000
6	Mr. Farhan Sohail	25,000
7	Mr. Salim Razak Tabani	25,000
8	Mr. Mansoor Mubeen	25,000
	Total	205,000

10. The aforesaid penalty must be deposited in the designated bank account maintained with MCB Bank Limited or United Bank Limited in the name of the Securities Exchange and Commission of Pakistan within thirty (30) days of the date of this Order and furnish receipted bank challan, to the Commission. In case of failure to deposit the said penalty, the proceedings under section 485 of the Act will be initiated for recovery of the same as arrears of land revenue

11. 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, violation of the Act.

Shahzad Afzal Khan
Director/ Head of Department
Adjudication Department – I

Announced:
September 30, 2024
Islamabad

Investor Education and Public Awareness Department
The Commission is committed to providing the public with the information necessary to make informed investment decisions. This information is available on the Commission's website at www.secp.gov.pk.

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