**Before**

**Amir M. Khan Afridi – Director/ Head of Department**

**In the matter of Show Cause Notice issued to Pakistan Petroleum Limited**

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| Dates of Hearing | December 13, 2018; December 23, 2020; December 29, 2020; September 15, 2021; November 02, 2021; and December 02, 2021. |

**Order-Redacted Version**

Order dated July 29, 2022 was passed by Director/Head of Department (Adjudication-I) in the matter of Pakistan Petroleum Limited. Relevant details are given as hereunder:

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| **Nature** | **Details** |
| 1. Date of Action | Show cause notice dated October 30, 2018 |
| 1. Name of Company | Pakistan Petroleum Limited |
| 1. Name of Individual | The proceedings were initiated against the Chief Executive Officer and the Company Secretary |
| 1. Nature of Offence | Proceedings were initiated in terms of Sections 132, 134 and 140 of Companies Act, 2017 (**the Act**) read with Section 479 thereof  Brief facts of the case are that the records available with the Securities and Exchange Commission of Pakistan (**the Commission**) transpired that the Company announced on the Pakistan Stock Exchange (PSX) that its annual general meeting for the year 2018 will be held on October 26, 2018 (**the AGM**). However, notice of the AGM was neither sent to members nor it was published in the newspapers within the time prescribed in Section 132(3) of the Act. Further, one of the agenda items stated in the AGM notice was for approval of bonus shares which despite not being an ordinary business, was clubbed into ordinary business contrary to the provisions of Section 140 (1) of the Act. In addition, the Company failed to annex statement of material facts for the business of approving bonus shares, contrary to the requirements of Section 134(3) of the Act. |
| 1. Action Taken | Key findings were reported in the following manner:  I have analyzed the facts of the case in light of the relevant provisions of the Act and the information available on record including the written submissions by the Respondents and arguments of their Representative during the hearings and observed that:   1. With regard to the matter of the Company’s holding AGM, the Hon’ble Islamabad High Court, Islamabad in its judgement dated September 30, 2019 (**the Judgment**) has dealt in detail regarding publication and circulation of notice of general meeting at least twenty-one (21) days in advance to the date of general meeting as required under Section 132(3) of the Act. Paragraph No. 26 of the Judgment, clearly states, inter alia, that:   *“… … … . Therefore, I am not inclined to undo the result of the voting in the 67th A.G.M. only because the notice pursuant to Section 132(3) of the 2017 Act was published with a delay bearing in mind that the petitioner was instrumental in causing the delay.”*  In the later paragraphs of the Judgment, it is further stated that:  *“29.    The Corporate Supervision Department of the S.E.C.P. has issued show cause notice dated 30.10.2018 to the Company Secretary of P.P.L. for not sending or publishing a notice with respect to the A.G.M. dated 26.10.2018 within the time prescribed in section 132(3) of the 2017 Act. While sending this notice, S.E.C.P. appears to have lost sight of the fact that P.P.L.’s Company Secretary’s request dated 09.10.2018 to extend the date of holding the A.G.M. so that the requirements of section132(3) of the 2017 Act were complied with was turned down by none other than the Deputy Director of the S.E.C.P. vide e.mail dated 12.10.2018.”*  Hence, in light of the observations of the Hon’ble Court, particularly the ones produced above, amongst others, which clearly indicates that the Hon’ble Court did not find it proper the issuing of the SCN in such circumstances where the Company had requested extension which was denied by SECP. Therefore the proceedings under Section 132 (3) of the Act are hereby dropped.   1. In addition to the above, proceedings through the SCN were also initiated under Sections 140 (1) and 134 (3) of the Act regarding that one of the agenda items stated in the subject AGM notice regarding approval of bonus shares which despite not being ordinary business, clubbed with and into ordinary business and failure to annex statement of material facts pertaining to the aforesaid business of approving bonus shares and draft resolution thereof. In this context, I have duly considered the submission of the Respondent wherein it is contented that the dividend was issued in the form of bonus shares therefore, it was classified as ‘Ordinary Business’ in the AGM Notice and hence did not require to circulate draft resolution under section 140(1) of the Act , besides the statement of material fact under 134(3) of the Act.   I, hereby agree with the stance of the Respondents that the Company issued dividend in the form of bonus shares; therefore, I close this proceedings initiated through the SCN against the Respondents with no further action.  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. |
| 1. Penalty Imposed | **No penalty has been imposed on the respondents.** |
| 1. Current Status of Order | No Appeal has been filed by the respondents. |