



# SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

(COMPANY REGISTRATION OFFICE)

4<sup>th</sup> Floor State Life Building No.2, Wallace Road, Karachi.

Website: [www.secp.gov.pk](http://www.secp.gov.pk)

CASE No. 1161/2024

**BEFORE THE ADJUDICATING OFFICER**

**ORDER UNDER SECTION 197 READ WITH SECTION 479 OF THE COMPANIES ACT, 2017**

**IN THE MATTER OF M/S. SAINDAK METALS LIMITED**

Date of Final Hearing: 25-03-2024

**Present:** Mr. Ghazi Khan - Company Secretary

1. This Order shall dispose of the proceedings initiated under Section 197 of the Companies Act, 2017 (The Act), vide Show Cause Notice dated 12-02-2024 ("the Notice").
2. The facts of the case are that the examination of the record /maintained by the Registrar, Company Registration Office Karachi, revealed that the company failed to report appointment / re-appointment of its Chief Executive Officer for the years 2011, 2014, 2017, 2020 and 2023.
3. In terms of the provision of section 197(3) of the Act erstwhile, (repealed) companies ordinance 1984, every company shall, within a period of (15) days from the date of appointment of any person referred in section 197 (1) or any change among them, or in any of their particulars, file with the registrar a return in the specified format (Form-29).
4. AND WHEREAS, the provisions of Section 197(4) of the Act provide that any contravention or default in complying with requirement of sub-section (1) or sub section (3) shall be an offence liable to a penalty of level 1 on the standard scale., i-e upto Rs.25,000/- and upto Rs.500/- per day during which default continues, as provided u/s 479(2) of the Act. Accordingly, taking cognizance of the matter, a Show Cause Notice dated 12-02-2024 was served to the company calling upon to Show Cause in my office on 27-02-2024 and subsequently adjourned to 12-03-2024 & 25-03-2024, as to why the penalty laid down under the above mentioned section should not be imposed.
5. On the date of hearing, Mr. Ghazi Khan (Company Secretary) appeared before me in person on behalf of the Company and submitted in the light of company's written reply dated 22-03-2024:

*"that the Saindak Metals Limited (SML) is a public company fully owned and controlled by the Federal Government, Ministry of Energy (Petroleum Division). All directors of the company are nominated by the Federal Government, therefore, no elections for directors occur.*

*Mr. Muhammad Raziq Sanjrani was appointed as the Managing Director/CEO (MD/CEO) of the Company in 2008 by the Federal Government through notification*

No. 1/14/2007-E-6 dated October 25, 2008 and Notification dated October 27, 2008 (Annex-A&B) on a contract basis and subsequently was appointed on regular basis through Notification No. 1/14/2007-E-6 dated July 16, 2011, and Notification dated 23rd July 2011 (Annex-C&D). He continued in this role until December 08, 2023. Since there was no change in the CEO position during the period mentioned in the show cause notice, which could be reported to the commission, there has been no violation of the provisions of Section 197(3) of the Act, and it does not attract the penal provisions contained in Section 197(4) of the Companies Act 2017. However on December 08, 2023, the Federal Government through Notifications F.No. 2(6)/2000-CA-1 dated 8th December 2023 (Annex-E) de-notified the appointment of Mr. Raziq as MD/CEO and, the Board of Directors of the Company removed him from the position of MD/CEO and appointed Dr. Hafiz Mubasher Anwar Khan, as MD/CEO. This change was duly communicated to the Registrar. Now on 19.3.2024, the SML Board appointed Mr. Hassan Mehmood Yousafzai as MD/CEO and the said change shall be filed with the registration office within the stipulated period.

*It is important to point out and bring to your notice that the matter pertaining to the removal of the Mr. Muhammad Raziq Sanjrani as MD/CEO is under challenge by way of filing writ petition No. W.1=1-9/2024 before the Islamabad High Court.*

*It is submitted that the company has been diligently fulfilling its obligation of filing returns for any appointment or change in the particulars of its directors and officers. As no change occurred in the CEO position during the period stated in the show cause notice, no further clarification or justification was required."*

6. The aforesaid contentions of the company are sustainable. The provisions of section 186(4), 187(4) and 188(2) of the Act explicate that period and terms of appointment of a Chief Executive is determined by the government, which has a control, directly or in directly over a company. In the instant case, the CEO was appoint and removed by the federal government and as such maximum time period / terms of appointment of the CEO is not germane to the provisions of section 187(1) *ibid* in respect of the facts of this case. Now, it is manifested that applicability and compliance of the provisions of section 197(3) is subject to appointment of the CEO or any change thereof, which is contrary to the factual position.
7. Keeping in view the above fact, supporting documentary evidences furnished by the company and relevant provisions of law, the subject proceedings are hereby dropped as this was not the fit case for initiating proceedings under section 197 of the Act and the company was not liable to be adjudicated *ibid*.
8. A copy of this order be placed on the record/file of the company for future reference. without prejudiced, the company has admittedly failed to hold its AGMs within prescribed time in violation of the provisions of section-132 of the Act, for which the dealing/concerned Registrar may take cognizance of the default separately.



**(ZIA UL-RASHEED ABBASI)  
ADJUDICATING OFFICER /  
ADDITIONAL REGISTRAR**

Dated: 02-04-2024