



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department- II

Adjudication Division

ORDER							
Name of Company:	M/s. Earth Garden (Private) Limited						
Show Cause Notice No. & Date:	No. Adj-II/80(4)/IAN-313/CRD/2024-25/387 dated March 27, 2025						
Respondents:	M/s. Earth Garden (Private) Limited and its Chief Executive Officer						
Date(s) of Hearing(s):	<table border="1"><thead><tr><th>Date</th><th>Attended by</th></tr></thead><tbody><tr><td>April 16, 2025</td><td>No one appeared to attend the hearing</td></tr><tr><td>April 28, 2025</td><td>No one appeared to attend the hearing</td></tr></tbody></table>	Date	Attended by	April 16, 2025	No one appeared to attend the hearing	April 28, 2025	No one appeared to attend the hearing
Date	Attended by						
April 16, 2025	No one appeared to attend the hearing						
April 28, 2025	No one appeared to attend the hearing						
Case represented by:	None of the Respondents						
Provision of law involved:	Section 80(4) read with Section 78 of the Companies Act, 2017						

This Order shall dispose of the proceedings initiated by the Securities and Exchange Commission of Pakistan (the 'Commission') vide Show Cause Notice No. Adj-II/80(4)/IAN-313/CRD/2024-25/387 dated March 27, 2025 (the 'SCN') issued to M/s. Earth Garden (Private) Limited (the 'Company') and its CEO/Director namely, Mr. Syed Hamid Ali (collectively referred to as the 'Respondents') under section 80(4) read with section 78 of the Companies Act, 2017 (the 'Act') for not complying with the Order of the Commission issued under section 80(2) of the Act.

2. The Company is a private limited company (CUIN 0089047) incorporated with the Commission on July 02, 2014. As per the last accepted Form-A made up to October 28, 2020, the paid-up share capital of the Company is Rs. 20,000/- divided into 200 ordinary shares of Rs. 100/- each. The shareholding structure as per the said Form-A is as following:

S.No.	Name of Director	CNIC/ Passport	Designation	No. of shares held / %age
1	Mr. Syed Hamid Ali	61101-3463993-7	CEO/ Director	100 (50%)
2	Mr. Muhammad Bashir	82303-6639345-1	Director	100 (50%)

3. As per the records available with the Commission, Mr. Muhammad Bashir (hereinafter referred to as the Deceased Director) who was a director and a 50% shareholder in the Company, holding 100 shares amounting to Rs. 10,000/- passed away on June 28, 2021.

4. Section 74(1) read with section 78 of the Act requires a company to transfer shares of a deceased member on receipt of an application duly supported by succession certificate, in favour of the successors to the extent of their interests and enter their names in the register of members. The relevant provisions of the law are produced below:

“74. Transfer of shares and other securities.—(1) An application for registration of transfer of shares and other transferable securities along with proper instrument of transfer duly stamped and executed by the transferor and the transferee may be made to the company either by the transferor or the transferee, and subject to the provisions of this section, the company shall within fifteen days after the application for the registration of the transfer of any such securities, complete the process and—
(a) ensure delivery of the certificates to the transferee at his registered address; and
(b) enter in its register of members the name of the transferee....”

li



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Adjudication Division
Adjudication Department - II

Continuation Sheet - 2 -

“78. Transfer to successor-in-interest. —*The shares or other securities of a deceased member shall be transferred on application duly supported by succession certificate or by lawful award, as the case may be, in favour of the successors to the extent of their interests and their names shall be entered in the register of members.”*

5. Moreover, as per section 80(1) of the Act, the person who gives intimation of the transmission by operation of law, aggrieved by the refusal of transfer may file an appeal to the Commission, which in terms of section 80(2), after providing an opportunity of hearing to the parties concerned, may by an order in writing direct the Company to register the transfer or transmission of shares. Relevant provisions of the law are produced below for reference:

“80. Appeal against refusal for registration of transfer. — (1) *The transferor or transferee, or the person who gives intimation of the transmission by operation of law, as the case may be, aggrieved by the refusal of transfer under section 75 to 79 may appeal to the Commission within a period of sixty days of the date of refusal.*

(2) *The Commission shall, provide opportunity of hearing to the parties concerned and may, by an order in writing, direct that the transfer or transmission should be registered by the company and the company shall give effect to the decision within fifteen days of the receipt of the order.”*

6. The facts leading to issuance of the SCN are that an appeal under section 80(1) of the Act was filed by Mr. Ehtasham Bashir (the ‘Appellant’) with the Licensing and Registration Division (LRD) of the Commission against the Company, in respect of refusal for registration of transfer of shares. As per the appeal and facts of the case, the Appellant is the son and successor-in-interest of the Deceased Director, and the Appellant having obtained a Succession Certificate dated July 06, 2023 from NADRA approached the Company to effectuate the transmission of shares in the names of the four legal heirs of the Deceased Director as per the Succession Certificate, however, the Company failed to respond, despite multiple requests.

7. Pursuant to the appeal under section 80(1) of the Act filed by the Appellant with the LRD, a hearing was conducted on October 08, 2024, wherein it was contended by the Company’s legal representative that the Appellant failed to deliver the application duly supported by the Succession Certificate at the Company’s registered office, and that upon delivery of such documents, the shares of the Deceased Director shall be transmitted in the names of the successors. Subsequently, after consideration of all the facts, an Order dated October 09, 2024, under section 80(2) of the Act was passed by the LRD, thereby, disposing of the appeal and affirming the entitlement of the Appellant/legal heirs to the shares of the late Mr. Muhammad Bashir. The said Order directed the Company as following:

“...the Respondent is hereby directed to confirm the correct address for the delivery of the documents required for the transmission of shares. The Appellant is advised to deliver these documents to the address provided by the Respondent, while copying this office in the communication. Thereafter, pursuant to Section 74(1) of the Act, the Respondent is obligated to transfer the shares in the name of the Appellant within fifteen days of presentation of the documents required for the transmission of shares as per Section 74(1) of the Act and intimate this office accordingly.”

8. Subsequently, a letter dated December 21, 2024, was written by the Appellant to the LRD, stating that the Company had failed to confirm its registered address to the Appellant, despite his written request to the

li



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Adjudication Division
Adjudication Department - II

Continuation Sheet - 3 -

Company's Chief Executive Officer (CEO) on November 13, 2024, to comply with the Commission's Order dated October 09, 2024.

9. Since the above instances evidenced that the Company had failed to comply with the Order dated October 09, 2024 issued under section 80(2) of the Act, non-compliance of which makes the CEO/director of the Company liable to a penalty stipulated under section 80(4) of the Act, a SCN was issued to the Respondents calling upon them to show cause in writing within fourteen (14) days of the date of the SCN, as to why the penalty as provided under section 80(4) of the Act may not be imposed on the CEO/director of the Company for non-complying with the Order dated October 09, 2024. Section 80(4) of the Act is produced below for ready reference:

"80. Appeal against refusal for registration of transfer.—

(4) If default is made in giving effect to the order of the Commission within the period specified in subsection (2), every director and officer of the company shall be liable to a penalty of level 3 on the standard scale."

10. Furthermore, in order to meet the ends of justice, a hearing on the matter was scheduled on April 16, 2025, at 10:30 A.M. notified through the SCN, before the undersigned. The Respondents neither submitted any written response to the SCN nor appeared at the hearing on April 16, 2025. Thereafter, a second hearing was fixed on April 28, 2025, at 10:30 A.M. before the undersigned, vide hearing notice dated April 22, 2025 and through email on April 24, 2025. The Respondents were also directed to provide their written response to the SCN within 5 days of the hearing notice. However, this time again, the Respondents neither attended the hearing nor submitted their written reply to the SCN and the Respondents remain non-responsive till date.

11. With regards to delivery status of the SCN and the hearing notice, it is stated that the SCN dated March 27, 2025 as well as the hearing notice dated April 22, 2025 were issued at the registered office address of the Company and the residential address of the CEO/director as per latest forms available in the records of the Commission. Further, these notices were also delivered at the email address as provided in the latest Forms filed by the Company and records available i.e., ishtiaq_iqbal@yahoo.com.

12. It is evident from the foregoing that the Respondents were provided sufficient time and hearing opportunities to explain their position with regards to non-complying with the Order of the Commission dated October 09, 2024, issued under section 80(2) of the Act. However, the Respondents opted not to explain/ defend their position despite the service/ delivery of SCN and hearing notice. Accordingly, the show cause proceedings initiated against the Respondents are being concluded, considering the information available on record.

13. In order to decide the matter, it is essential to analyze the issues at hand and the conclusions drawn during the adjudication proceedings, considering the facts of the case, the Company's records, the documents available with the Commission and the relevant provisions of law, as outlined below:

- i. During the hearing conducted on October 08, 2024 by the LRD, the Company's legal representative contended that the application for transfer of shares along with Succession Certificate was not delivered at the Company's registered office, and upon delivery of such necessary documents, the shares would be transmitted in the name of the Appellant and other successors in interest. Considering these submissions, the Commission's Order dated October 09, 2024 issued under section 80(2) of the Act, confirming the Appellant's entitlement to the shares of the late Mr. Muhammad Bashir, directed the Respondents to communicate the correct address for the delivery

lix



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Adjudication Division
Adjudication Department - II

Continuation Sheet - 4 -

of the documents required for the transmission of shares to the Appellant, and advised the Appellant to deliver these documents to the address provided by the Respondents.

- ii. However, the letter dated December 21, 2024 from the Appellant indicated that the Respondents failed to confirm the Company's registered office address to the Appellant. Furthermore, Appellant's letter dated November 13, 2024 written to the CEO of the Company requiring him to comply with the Order dated October 09, 2024 also remained un-responded. This leads to clear violation of the Commission's Order dated October 09, 2024.
- iii. The Respondents were provided sufficient time and hearing opportunities to explain their position with regards to non-complying with the Commission's Order dated October 09, 2024, issued under section 80(2) of the Act. However, the Respondents opted not to explain/ defend their position despite the service/ delivery of SCN and hearing notice.

14. In view of the foregoing and considering non-submission of written response against the SCN by the Respondents coupled with non-attendance at the hearings, it is established that the Respondents have defaulted in giving effect to the Order of the Commission dated October 09, 2024 within the period specified under sub-section (2) of section 80 of the Act, and therefore, the CEO/director of the Company is liable to a penalty of level 3 on the standard scale as provided under section 80(4) read with section 479 of the Act.

15. I, therefore, in exercise of the powers under section 80(4) of the Act, delegated to the undersigned vide S.R.O No. 1546(I)/2019, hereby impose penalty of **Rs. 200,000/- (Two Hundred Thousand Only)** on Mr. Syed Hamid Ali, Chief Executive Officer/ Director (CNIC # 61101-3463993-7) for default under section 80 of the Act.

16. Mr. Syed Hamid Ali, Chief Executive Officer/Director (CNIC # 61101-3463993-7) is hereby directed to deposit the aforesaid penalty in the accounts of the Commission being maintained in the designated branches of MCB Bank Limited or United Bank Limited within 30 days of the receipt of this Order and furnish Original Deposit Challan to this office through courier and/or email at adjudication.headoffice@secp.gov.pk.

17. Further, in light of the provisions of Section 475 of the Act, Respondents are hereby directed to confirm the correct address to the Appellant within 7 days of the date of this order, enabling him to deliver the requisite documents to the address provided by the Respondents. Thereafter, pursuant to Section 74(1) of the Act, the Respondents are obligated to transfer the shares in the name of the Appellant within fifteen days of presentation of the documents required for the transfer of shares as per Section 74(1) of the Act and therefore, the Respondents are hereby further directed to transfer the shares in the name of the Appellant strictly as per the requirements of Section 74 of the Act and other applicable provisions of the law, without any further delay.

18. This order is being issued without prejudice to any other proceedings or action that the Commission or any other authority, bureau, agency or institution may initiate, in accordance with relevant provisions of law, against the Respondents and any other officer of the Company.

(Hammad Javed)

Additional Director / Head of Department
Adjudication Department-II

Announced: May 16, 2025