



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department-I

Adjudication Division

Before Shahzad Afzal Khan – Director/

Head of Department

In the Matter of

Dadabhoy Construction Technology Limited

Number and Date of SCN: CSD/ARN/121/2015-2270 dated January 05, 2023

Dates of Hearing: February 22, 2023, March 20, 2023, May 31, 2023, June 22, 2023, August 17, 2023, September 07, 2023 and September 18, 2023

Present: Mr. Imtiaz Haider, Authorized Representative

ORDER

Under Section 132 of the Companies Act, 2017 read with Section 479 thereof

This Order shall dispose of the proceedings initiated against Dadabhoy Construction Technology Limited (the Company/ the Respondent) through the Show Cause Notice dated January 05, 2023 (the SCN) issued under Section 132 of the Companies Act, 2017 (the Act) read with Section 479 thereof.

2. Brief facts of the SCN are that the Company has failed to convene its Annual General Meeting (the AGM) for the financial year ended on June 30, 2022 within a period of one hundred and twenty (120) days following the closure of its financial year. The said failure on part of the Company is violation of sub-section (1) of Section 132 of the Act. The Company's failure to hold the AGM within the stipulated time period attracts applicability of the penal provision of sub-section (5) of Section 132 of the Act read with Section 479 thereof. Therefore, the SCN was issued to the Company requiring it to show cause in writing as to why penal action may not be taken against it for contravention of Section 132 of the Act. The Company, however, failed to submit a written response to the SCN within the given time.

3. Consequently, to provide an opportunity of personal representation, hearing in the matter was fixed for February 22, 2023, however, no one appeared. The matter was again fixed for March 20, 2023. In this regard, Nazir Shaheen & Associates through letter dated March 6, 2023 sought extension of 30 days. Thereafter, hearing was fixed for May 31, 2023 and June 22, 2023. In this regard, Nazir Shaheen & Associates through letter dated July 6, 2023, *inter alia*, submitted in the following manner:

- PSX suspended the Company's trading on 01.08.2012 owing to non-compliances and defaults on the part of the Company and its management struggled to comply with the requirements of PSX regulations, however, the Company's business and commercial



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operations faced slow down, thus impacting its financial position in addition to hampering the Company in terms of its management, governance, commercial operations, regulatory and compliance issues resulting in disrupting the company to achieve its strategic and commercial direction and goals which the sponsors have originally premediated to be accomplished as being listed company.

- The Company and PSX management are working on the revival of plan so that compliance issues and other commercial difficulties are addressed and it becomes fully functional and active on main board.
- The issues are long outstanding and need to be handled in a manner where the Company revives in addition to meeting up with the regulatory, legal and filing requirements. The management of the Company has submitted an outline of the revival plan to PSX which we expect to be discussed and agreed upon in the first/ second week of July 2023.
- It is, therefore, requested to please hold the proceedings under the subject show cause notice so that some tangible feasible resolution is agreed with PSX. Thereafter, it would be more meaningful to make our submissions in front of you for your review and consideration.

4. Later on, the matter was again fixed for August 17, 2023 and September 7, 2023. However, owing to other issues and the matter could not be taken up on the said date of hearing, another opportunity was allowed for September 18, 2023. Mr. Imtiaz Haider, the Authorized Representative appeared and against reiterated his stance as was given in writing and submitted that:

- The Company is in the process of reviving its operations and to remain listed on PSX.
- The Company would seek direction u/s 147 of the Act in order to convene overdue AGM of 2022.
- The instant proceedings be put on hold till the revival of the Company.

5. Relevant provisions of the law are reproduced hereinunder:

Sub-section (1) of Section 132 of the Act:

"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. -

Provided that, in the case of a listed company, the Commission, and, in any other case, the registrar, may for any special reason extend the time within which any annual general meeting, shall be held by a period not exceeding thirty days."

Sub-section (5) of Section 132 of the Act:

"Any contravention or default in complying with requirement of this section shall be an offence liable: -



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(a) *in case of a listed company, to a penalty of level 2 on the standard scale."*

6. I have considered the facts of the case in light of the relevant provisions of the Act, the information available on record, written and verbal representations and state that:

- (i) holding of AGM is a vital statutory requirement as it provides opportunity to the members to participate in the discussion and vote on agenda items of the general meeting which includes consideration and approval of the company's financial statements. It is, therefore, obligation on the part of the Company to hold its AGM within the stipulated time and non-holding of AGM deprives the members of their fundamental and statutory right, to know about the affairs of the company and participate in decision making.
- (ii) in order to ensure transparency and protect the shareholders' rights, a listed company must meticulously adhere to the law by following the procedure prescribed under the Act for holding of AGMs.
- (iii) the Company, being a listed company, cannot absolve itself from its statutory duties pertaining to holding of AGMs, in a timely manner as specified under the Act.
- (iv) the Company failed to hold its AGM for the financial year ended on June 30, 2022 within the specified time period of one hundred and twenty (120) days following the closure of its financial year. I am inclined to state that the Company's record transpires that it has failed to hold its AGM for the financial year 2022 to date.
- (v) the Authorized Representative in his submissions have placed reliance on the revival plan which is being implemented in accordance with the approval of the PSX. As per the said plan the Company will be placed on the active counter of the PSX. In view of above, the plea of the Authorized Representative that the instant proceedings be put on hold till revival of the Company and its active listing status on PSX board. The said argument is not cogent as the revival plan under consideration of the PSX is independent to the requirements of Section 132 of the Act and the Company is duty bound to comply with the provisions of the Act. Hence, the default of Section 132(1) of the Act is attracted.

7. In view of the preceding facts, I am of the considered view that by failing to hold its AGM for the year ended June 30, 2022 within one hundred and twenty (120) days following the closure of its financial year, the Company is in contravention of sub-section (1) of Section 132 of the Act, which renders it liable to penal action under sub-section (5) of Section 132 thereof. I, in exercise of the powers conferred under sub-section (5)(a) of Section 132 of the Act, hereby, impose a penalty of Rs. 100,000/- (Rupees One Hundred thousand only) on the Company i.e. **Dadabhoj Construction Technology Limited**. Moreover, the Company is advised to hold its overdue AGM at the earliest and without any further delay.



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8. The aforementioned penalty must be deposited in the designated bank account maintained with MCB Bank Limited / United Bank Limited in the name of the Securities and Exchange Commission of Pakistan within thirty (30) days from the receipt of this Order, and receipted bank vouchers must be furnished to the Commission. In case of non-deposit of the penalty, proceedings under Section 485 of the Act will be initiated for recovery of the same as arrears of land revenue.

9. Nothing in this Order may be deemed to prejudice the operation of any provisions of the Act providing for imposition of penalties on the Respondent in respect of any default, omission or violation thereof.

Shahzad Afzal Khan
Director/Head of Department
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Announced:
September 27, 2023
Islamabad