



Corporate Supervision Department
Company Law Division

Before Amina Aziz – Director

In the matter of

Nirala MSR Foods Limited

Number and date of notice: CSD/ARN/134/2015-1941 dated June 23, 2015
Date of hearing: December 3, 2015, December 23, 2015 and January 5, 2016

ORDER

UNDER SECTION 171 READ WITH SECTION 476 OF THE COMPANIES ORDINANCE, 1984

This order shall dispose of the proceedings initiated vide show cause notices dated June 23, 2015 issued to chief executive and directors (“respondents”) of Nirala MSR Foods Limited (“Company”) for default made in complying with the provisions of Section 171 read with Section 476 of the Companies Ordinance, 1984 (“Ordinance”).

2. The brief facts leading to this case are that the Company was required to hold its Annual General Meeting (“AGM”) for the year ended June 30, 2014 on or before October 31, 2014. As per record of the Commission the Company failed to hold its AGM for the year 2014, in terms of Sub-Section (1) of Section 158 of the Ordinance. The Commission, issued directions under Section 170 of the Ordinance to the Company to hold its overdue AGM for the year ended on June 30, 2014 by March 15, 2015 and to submit within a week of date of said AGM, a compliance report along with certified true copies of the minutes of the said AGM and audited accounts approved by the shareholders therein. The Company and its directors have failed to comply with the directions of the Commission issued under Section 170 of the Ordinance, as AGM for the year ended on June 30, 2014 has not been held till date. , therefore, proceedings were initiated under Section 171 of the Ordinance vide show cause notice dated June 23, 2015 against the Respondents. The respondent failed to respond to SCN.

3. In order to provide opportunity of personal hearing; the case was fixed before the undersigned for December 3, 2015, December 23, 2015 and January 5, 2016 but no one appeared.

4. In terms of the Commission’s notification SRO 1003(I)/2015 dated October 15, 2015, the powers to adjudicate cases under section 171 of the Ordinance have been delegated to Director (Corporate Supervision Department).

5. Before proceeding to decide this case, I consider it necessary to highlight the importance of the strict observance of the aforesaid mandatory provisions of the law. The protection of the investors / shareholders is one of the primary objectives of the Ordinance. The investors /



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

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shareholders provide seed money for capital formation. If the interest of the investors is protected, they will save the money and invest more. Shareholders of the company other than those who are themselves or are being represented on the board of directors have very limited role in decision making. General meeting is an important event for the shareholders since it is a forum where main aspects of the corporate and financial life of the company are deliberated and approved. For a minority shareholder, such meeting is often the only forum to obtain information on the company's operations and question the management regarding the company's affairs.

6. Holding AGM within the stipulated time is a requirement of law but unfortunately it has been noted that the directors of the Company have not observed the compulsory requirements of law and deprived the shareholders their basic right as envisaged in law by not holding AGM despite direction of the Commission under Section 171 of the Ordinance.

7. Keeping in view of the above I, hereby, while invoking the provisions of Section 171 of the Ordinance, impose fine amounting to Rs.10,000/- (Rupees ten thousand only) per director/chief executive.

8. The chief executive and directors of the Company, are hereby directed to deposit the aforesaid fine aggregating to Rs.70,000/- (Rupees seven thousand only), in the designated bank account maintained in the name of Securities and Exchange Commission of Pakistan with MCB Bank Limited within thirty days from the receipt of this Order and furnish evidence in this regard for record of the Commission. Failing which proceedings under the Land Revenue Act, 1967 will be initiated which may result in the attachment and sale of movable and immovable property. It may also be noted that the aforesaid fine is imposed on the chief executive and directors, in their personal capacity and he is required to pay the aforesaid amount of fine from personal resources.

Amina Aziz
Director

Announced:
March 31, 2016
Islamabad