

[Islamabad]

Before Tahir Mahmood, Executive Director Enforcement

In the matter of

M/s. Buxly Paints Limited

(Under Sub-section (4) of Section 158 of the Companies Ordinance, 1984)

Number and date of notice	EMD/233/484/2002-832	dated: December 11, 2009
Date of hearing		December 17, 2009
Present		Mr. Shamshad Ali
Date of Order		February 25, 2010

ORDER

This Order shall dispose of the proceedings initiated against chairman, chief executive and directors of Buxly Paints Limited (the “Company”) for default made in complying with the provisions of Sub-section (1) of Section 158 of the Companies Ordinance, 1984 (the “Ordinance”).

2. The facts leading to this case, briefly stated, are that in terms of provisions of Sub-section (1) of Section 158 of the Ordinance, the Company was required to hold its Annual General Meeting (the “AGM”) for the year ended June 30, 2009 on or before October 31, 2009. However, the Company failed to hold the aforesaid AGM within the prescribed time period and requested for extension of 30-days time in holding the requisite AGM. The Company was granted the extension till November 30, 2009 to hold the over due AGM. But the Company approached the Commission for further extension in time, which was declined because no further extension can be granted in terms of law. The failure of the Company to comply with the aforesaid mandatory requirements necessitated action against the Company and its directors in terms of Sub-section (4) of Section 158 of the Ordinance. Consequently, a show cause notice dated December 11, 2009 was served on the Company and its directors including the Chief Executive calling upon them to show cause as to why penalties as provided under Sub-section (4) of Section 158 read with Section 476 of the Ordinance may not be imposed on them.

3. In response to the show cause notice, Mr. Shamshad Ali, Chief Executive along with Mr. Syed Haroon Aziz appeared before the undersigned and referred the massive fire accident in the main production area of the factory on April 08, 2009 causing a major damage to the entire production area including plant and machinery, raw material storage area, finished goods warehouse and record rooms. Both the representatives further expressed the inability to comply with the requirement of Section 158 of the Ordinance as the audit of the books of accounts of the company was yet to be completed and expected to take another 4-week to complete. It was added that they are trying their best to get the accounts audited as soon as possible so that AGM for the year ended June 30, 2009 could be conducted. In this connection a copy of an auditor certificate dated December 17, 2009 was also presented. Keeping in view of the circumstances and assurance to comply with the statutory requirement directions under Section 170 of the



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
Enforcement Department

Continuation Sheet 2

Ordinance were issued on December 24, 2009 to conduct the over due AGM within sixty (60) days from the date of the direction.

4. 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. It is investors/shareholders who provide seed for capital formation. Their interest is protected by transmission of timely, adequate and meaningful information to them, especially in the circumstances when some accident has happened to their company/factory. It is the annual and interim accounts, which provide information to the investors about the affairs of the companies. Annual General Meeting is a forum where the investors can freely discuss, speak and vote on important matters concerning approval of accounts, appointment of auditors, election of directors etc. It has unfortunately been noted that directors of the Company are not observing these compulsory requirements of law, as it was observed that AGM was held on February 18, 2010 with a delay of 110 days.

5. However, considering the constraints faced by the Company in collection and retrieval of relevant information/record and the fact that the Company has held AGM though with a delay, I take a lenient view and instead of imposing fine under Section 158(4) of the Ordinance, hereby strictly warn the Company and its directors to be careful in statutory compliance, in future.

Tahir Mahmood

Executive Director (Enforcement)

Announced

February 25, 2010

ISLAMABAD