**Before Ali Azeem Ikram, Executive Director/HOD (Adjudication-I)**

**In the matter of Jubilee Spinning & Weaving Mills Limited**

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| Dates of Hearing | September 22, 2020, October 13, 2020, November 16, 2020 |

**Order-Redacted Version**

Order dated February 12, 2021 was passed by Executive Director/Head of Department (Adjudication-I) in the matter of Jubilee Spinning & Weaving Mills Limited. Relevant details are given as hereunder:

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| **Nature** | **Details** |
| 1. Date of Action | Show cause notice dated October 13, 2020 |
| 1. Name of Company | Jubilee Spinning & Weaving Mills Limited |
| 1. Name of Individual\* | The proceedings were initiated against the directors of the Company i.e. Jubilee Spinning & Weaving Mills Limited |
| 1. Nature of Offence | Violations of section 208 and section 476 of the Companies Ordinance, 1984. |
| 1. Action Taken | Key findings were reported in the following manner:  I have examined the facts of the case, that the Company had pledged its investments in equity securities having value of Rs. 40.963 million on behalf of associated company and such securities were realized by the concerned bank to settle the outstanding amount of the aforesaid associated company. The said investments of Rs. 40.963 million were made in associated company without the authority of members obtained through special resolution passed in their meeting. The Respondents, hence, are liable for the said default and did not furnish any document mitigating the said default and corrective measures taken to safeguard the interest of the shareholders.  2. In the aforementioned matter, as per available record in terms of section 208 of the Ordinance prior sanction of members is required for making investments in associated company or for change in nature of such investments. The Respondents, however, did not comply the given requirements of section 208 of the Ordinance as securities pledged on behalf of the associated company were realized by the banking company to settle the outstanding amount borrowed by the associated company. The Respondents are not in denial that the provisions of section 208 of the Ordinance were violated, and their silence in this regard does not exonerate them for action warranted in terms of section 208 of the Ordinance.    Keeping in view, the Respondents have violated the requirements of section 208 of the Ordinance. I, therefore in terms of section 208 of the Ordinance, hereby impose aggregate penalty of **Rs. 350,000/- (Rupees three hundred and fifty thousand)** on the Respondents.  Nothing in this Order may be deemed to prejudice the operation of any provision of the Act providing for imposition of penalties in respect of any default, omission or violation of the Act. |
| 1. Penalty Imposed | Penalty of Rs. 350,000/- (Rs. 50,000 per Respondent) was imposed on all the respondents. |
| 1. Current Status of Order | No Appeal has been filed by the respondents. |

Redacted version issued on June 08, 2021 for placement of website of the Commission.