



Securities and Exchange Commission of Pakistan

Adjudication Division
Adjudication Department-I

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

In the matter of Show Cause Notice issued to Khurshid Spinning Mills Limited

Dates of Hearing

February 15, 2021

Order-Redacted Version

Order dated March 26, 2021 was passed by Executive Director/Head of Department (Adjudication-I) in the matter of Khurshid Spinning Mills Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated July 29, 2020
2. Name of Company	Khurshid Spinning Mills Limited
3. Name of Individual*	The proceedings were initiated against the directors of the Company i.e. Khurshid Spinning Mills Limited
4. Nature of Offence	In view of alleged violations of section 135 read with section 479 of the Companies Act, 2017 through SCN dated July 29, 2020 and order dated March 26, 2021 was passed.
5. Action Taken	Key findings were reported in the following manner: I have gone through the facts of case, relevant provisions of the law and the record placed before me. It is evident that the requirements of quorum for listed companies is explicit i.e. not less than ten members present personally, or through video-link who represent not less than twenty-five percent of the total voting power, either of their own account or as proxies. Though, AOA of the company may provide for the quorum of meeting as stated by the Authorized Representative; however, the said clauses of the AOA could not be contrary with the requirement of the Act and provisions of the Act will prevail over the clauses of the AOA. Further, the Respondents have ensured compliance with relevant requirements in future. Therefore, it is evident that provisions of Section 135 of the Act were contravened by holding AGM on October 31, 2017 with only nine members, in person. After careful consideration of all the facts of this case, I am also of the view that the Respondents are liable under Section 135 of the Act. Taking



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	<p>cognizance of the submissions of the Respondents and in exercise of the powers conferred under Section 135 of the Act, I hereby impose penalty of Rs. 25,000/- (Rupees Twenty Five thousand) each on Chairman and Chief Executive Officer. I also warn all the Respondents to be careful and ensure compliance of law in letter and spirit.</p> <p>2. The aforesaid fines must be deposited in the designated bank account maintained with MCB Bank Limited in the name of the <i>Securities and Exchange Commission of Pakistan</i> within thirty days from the receipt of this order and furnish receipted bank vouchers to the Commission. In case of non-deposit of the penalties, proceedings under section 485 of the Act for recovery of the fines will be initiated. It may also be noted that the said fines are imposed on Respondents in their personal capacity, therefore, they are required to pay the said amount from personal resources.</p> <p>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.</p> <p>Penalty order dated March 26, 2021 was passed by Executive Director (Adjudication-I).</p>
6. Penalty Imposed	A Penalty of Rs. 50,000/- (Rupees Fifty thousand only) was imposed on Chairman and Chief Executive Officer and remaining respondents were warned to ensure compliance of law in future.
7. 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.