



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN  
ADJUDICATION DIVISION  
ADJUDICATION DEPARTMENT-II  
LAHORE  
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Through Courier

March 15, 2024

NO. ADJ-II/AO-LHR/2360

THE CHIEF EXECUTIVE,  
M/s. PRIDE SPINNING MILLS (PVT.) LIMITED,  
92-A, NEAR BILAL MASJID GULGASHT COLONY,  
MULTAN.

**SUBJECT: ORDER IN RESPECT OF SHOW CAUSE NOTICE SCN NO. /AO-LHR/691**  
**DATED JANUARY 30, 2024 IN THE MATTER OF M/S. PRIDE SPINNING MILLS**  
**(PVT.) LIMITED**

Dear Sir/Madam,

Please find enclosed herewith copy of the final "Order", in the title matter for proceedings under section 132 read with section 479 of the Companies Act, 2017, for your record. and necessary action.

Mohsin Syed  
Additional Registrar/Adjudication Officer,  
Adjudication Department-II, Lahore.

Cc: Incharge Corporate Registry Department, Multan  
63-A, 2nd Floor, Nawa-i-Waqt Building, Abdali Road,  
Multan.



Securities and Exchange Commission of Pakistan  
Adjudication Department -II, Adjudication Division, 3<sup>rd</sup> & 4<sup>th</sup> Floor,  
7- Edgerton Road, Lahore [www.secp.gov.pk](http://www.secp.gov.pk), Fax# (042) 99202044



**SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**  
**ADJUDICATION DEPARTMENT -II**  
**LAHORE**

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Through Courier

**BEFORE MOHSIN SYED, ADDITIONAL REGISTRAR/ADJUDICATION**  
**OFFICER, ADJUDICATION DEPARTMENT -II, LAHORE.**

*In the Matter of*  
**M/S. PRIDE SPINNING MILLS (PVT.) LIMITED**

Number and date of SCN: SCN No. /AO-LHR/691 dated January 30, 2024

Dates of Hearing/s: February 8, 2024; February 16, 2024 and February 28, 2024

Present: None, appeared for personal hearing.

**ORDER**  
**UNDER SECTION 132 READ WITH SECTION 479 OF THE**  
**COMPANIES ACT, 2017**

This Order shall dispose of the proceedings against M/S. PRIDE SPINNING MILLS (PVT.) LIMITED (*"the Company"*) and its directors including the chief executive (*"the Respondents"*), initiated through Show Cause Notice (*"the SCN"*) dated January 30, 2024 issued under the provisions of Section 132(3) read with Section 479 of the Companies Act, 2017 (*"the Act"*).

2. Brief facts of the case are, that *"the company"* had failed to hold its annual general meeting(s) (*"AGMs"*) for the years 2020 to 2023 within a period of one hundred and twenty days, following the close of its financial year pursuant to Section 132(1) of *"the Act"*. Without any prejudice, the company has contravened the aforesaid provisions of *"the Act"* and rendered the company liable to a penalty of level-1 on the standard scale, as provided under Section 132 (5) read with Section 479 of *"the Act"*.

3. Consequently, the aforesaid SCN dated January 30, 2024 was issued to *"the respondents"* to show cause in writing as to why penal action as enunciated under Section 132 (5) read with Section 479 may not be taken against *"the company"* for failure to conform to the provisions of Section 132 (1) of *"the Act"*, *ibid.*

4. In the matter of aforesaid SCN, initial opportunity of hearing was provided to the company and its Directors/Chief Executive by fixing hearing on February 08, 2024 through serving the Show Cause Notice on January 30, 2024 at the registered office of the company, however, both the company and its chief executive/ director(s) had failed to appear personally or through an authorized representative on the scheduled date and time of the said hearing. Thereafter, another opportunity of hearing was provided to the company, through its chief executive/director(s) by fixing the hearing for February 16, 2024, vide hearing notice bearing NO. AO-LHR/691 issued and sent at the registered notified office of the company, however, both the company and its chief executive/director(s) had again failed to appear personally or through an authorized representative on the scheduled date and time. Considering the persistent non-appearance, a final opportunity of hearing was provided to the company through its chief executive and director(s) by fixing hearing



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## SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

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for February 28, 2024, however, the company and its chief executive / director(s) had again failed to appear personally or through an authorized representative on the scheduled date and time and neither, any reply was received in this regard from the respondents. It is pertinent to state the fact, that all the said hearing notice(s) were sent through courier, at the registered addresses of the company and its chief executive/director(s) that were subsequently delivered and have been served upon the company and its director(s)/chief executive.

5. Before proceeding further, it is necessary to advert to the relevant provisions of the law and Section 132(1) and subsection (5) of the Companies Act, 2017 which unambiguously stipulates that:

*Section 132- (1) 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).*

*(5) Any contravention or default in complying with requirement of this section shall be an offence liable—*

- (a) in case of a listed company, to a penalty of level 2 on the standard scale; and*
- (b) in case of any other company, to a penalty of level 1 on the standard scale.*

6. It is evident from the abovementioned scripts of the law that the company is in default of Section 132 (1) of "the Act" as it has failed to hold its annual general meetings for the years 2020 to 2023. The nature, seriousness and impact of the breach shows that the act of the company was deliberate and moreover the persistent default, duration, the extent and frequency of the violation has raised serious concerns over the systemic weaknesses of the management systems and internal controls of the company necessitating the need to take serious cognizance and stern action by the commission by seeing the nature and gravity of the default in the instant case.

7. In terms of the Commission's Notification S.R.O. 1546 (I)/2019 dated December 06, 2019, the powers to adjudicate cases under Section 132 of "the Act" have been delegated to the undersigned as Adjudication Officer, Adjudication Department-II, Lahore.

8. Considering the facts of the case, and other record presented before the undersigned, I am compelled to infer and decide that the case penalty order as the company has failed to comply with mandatory requirements of Section 132 of "the Act" and before proceeding with the decision, I would also like to highlight that directors of the company are required to exercise the utmost care in making business decisions in order to fulfill their fiduciary duties. Duty of care requires directors to make business decision after considering all available information, requirements of laws/regulations with regard to operations of the company and then act in a judicious manner while promoting the company's best interest. However, I have gone through the facts of the case as it is established that the company has failed to comply with the requirements of Section 132 (1) of "the Act", therefore, I, while exercising the powers



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delegated vide S.R.O. 1546 (I)/2019 dated December 06, 2019 under Section 132 read with Section 479 of the "Act", hereby impose a penalty of **Rs. 90000/-** upon the company, to conclude ("the SCN") proceedings.

9. This order is being issued without prejudice to any other action, that the Commission may initiate against the company in accordance with law/s on matters **subsequently, investigated or otherwise brought to the knowledge of the Commission**. The chief executive of the Company is advised to deposit the aforementioned penalty in the designated bank account maintained with MCB Bank Limited or UBL Bank Limited in the name of the **Securities and Exchange Commission of Pakistan**, within thirty days from the receipt of this Order, and original receipted bank vouchers must be furnished to the Commission. In case of non-deposit of the fines, proceedings for recovery of the same shall be initiated against the company and the respondent(s) to this show cause notice.

Mohsin Syed  
Additional Registrar/ Adjudication Officer,  
Adjudication Department-II, Lahore.

**Announced:**  
March 15, 2024,  
Lahore.

The Chief Executive,  
M/S. PRIDE SPINNING MILLS (PVT.) LIMITED,  
92-A, NEAR BILAL MASJID GULGASHT COLONY,  
MULTAN.



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