



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN  
Adjudication Department –II  
Lahore.

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Through Courier

NO. ADJ-II/LHR/648-50

December 05, 2023

The Chief Executive,  
M/S. Caramel and Co. Patisserie (Private) Limited,  
Building No. 4, Sector K, Commercial Market,  
DHA Phase-1, Lahore Cantonment,  
Lahore.

SUBJECT: ORDER IN RESPECT OF SHOW CAUSE NOTICE SCN NO./AO-LHR/620 DATED  
NOVEMBER 08, 2023 IN THE MATTER OF M/S. CAMEL AND CO.  
PATISSERIE (PRIVATE) LIMITED.

Dear Sir/Madam,

Please find enclosed herewith copy of the final "Order", in the title matter for proceedings under section (s) 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, Lahore



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)



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN  
ADJUDICATION DEPARTMENT –II

LAHORE

Through Courier

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BEFORE THE ADDITIONAL REGISTRAR /ADJUDICATION OFFICER,  
ADJUDICATION DEPARTMENT –II, LAHORE.

*In the Matter of*

**M/S. CAMEL AND CO. PATISSERIE (PRIVATE) LIMITED**

Number and date of SCN: SCN No./ AO-LHR /620 dated November 08, 2023  
Dates of Hearing/s: November 15, 2023, November 22, 2023 and November 30, 2023  
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. Caramel and Co. Patisserie (Private) Limited (*“the Company”*) and its directors including the chief executive (*“the Respondents”*), initiated through Show Cause Notice (*“the SCN”*) dated November 08, 2023 issued under the provisions of Section 132 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 first annual general meeting within the stipulated time i-e within sixteen months from the date of its incorporation and an examination of record of the *“Registrar”* has revealed that *“the company”* has held its first annual general meeting with a considerable delay as notified vide Form-A made up to 27.10.2023, pursuant to Section(s) 132 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 November 08, 2023 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 failing to conform to the provisions of Section(s) 132 of *“the Act”*, *ibid*.

4. In the matter of aforesaid SCN, initial opportunity of hearing was provided to the company by fixing hearing on November 15, 2023, by serving the Show Cause notice on November 08, 2023, 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 November 22, 2023, vide hearing notice dated November 16, 2023, sent at the registered office of the company, however, both the company and its chief



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05/12/2023



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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 also provided to the company through its chief executive and director(s) by fixing hearing for November 30, 2023 by serving notice on November 24, 2023, 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 respondent(s)". It is pertinent to mention here 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 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 clear 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 first annual general meeting within the stipulated time i-e within sixteen months from the date of its incorporation, as stipulated under Section 132 of "the Act". 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. As regards the matter at hand, I have analyzed the facts of the case, relevant provisions of the Act, and the record available with the Commission. The aforementioned provisions of law are unambiguous and explicit. A company is required to hold its first annual general meeting (herein called AGM) within a period of sixteen months from the date of its incorporation. Holding of the AGM is a vital statutory requirement as it provides an opportunity to the shareholders to participate in the discussion and vote on important corporate decisions. The AGM is a forum where shareholders can discuss performance of the



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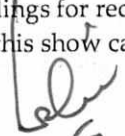
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Company and at the same time management can present its stewardship of resources entrusted to it. In order to ensure transparency and to protect the shareholders' rights, all companies must meticulously adhere to the law by following the procedure prescribed under the Act for holding the AGM. Moreover, the directors also have fiduciary duties towards the company and its shareholders, hence, they are liable to a higher level of accountability, which requires them to be vigilant and perform their duties with utmost care and prudence. In this context, the respondent(s) cannot absolve themselves from their statutory duties pertaining to holding of AGM, in a timely manner as specified under the law.

9. Considering the facts of the case, and other record presented before the undersigned, I am compelled to infer and decide the case ex-parte as "the company" has failed to comply with mandatory requirements of Section 132 of "the Act", by holding its first AGM within the stipulated timeline, rather held the same with an inordinate delay of 10 months and 2 days. 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 the company has failed to comply with the requirements of Section 132 of "the Act", therefore, I, while exercising the powers 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. 25,000/- upon the company, to conclude ("the SCN") proceedings.

10. 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.

  
05/12/2023  
Mohsin Syed  
Additional Registrar/ Adjudication Officer,  
Adjudication Department-II, Lahore.

**Announced:**

December 05, 2023,  
Lahore.

The Chief Executive,  
M/S. Caramel and Co. Patisserie (Private) Limited,  
Building No. 4, Sector K, Commercial Market,  
DHA Phase I,  
Lahore Cantonment,  
**LAHORE.**



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