



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

NO. ADJ-II/LHR/4061

April 24, 2024

The Chief Executive/ Director,  
M/S. PIRZADA SHER MUHAMMAD & COMPANY  
(PRIVATE) LIMITED  
Office No.1, Opposite BZU Metro Station, Mahaye  
Road, Near BZU, Multan Bosan Town Punjab 60000

SUBJECT: ORDER IN RESPECT OF SHOW CAUSE NOTICE SCN NO./AO-LHR/866  
DATED JANUARY 30, 2024 IN THE MATTER OF M/S. PIRZADA SHER  
MUHAMMAD & COMPANY (PRIVATE) LIMITED

Dear Sir/ Madam,

Please find enclosed herewith copy of the final "Order", in the title matter for proceedings under Section(s) 197 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.



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. PIRZADA SHER MUHAMMAD & COMPANY (PRIVATE) LIMITED**

Number and date of SCN: SCN NO./AO-LHR/866 dated January 30, 2024  
Dates of Hearing/s: February 08, 2024; February 16, 2024 and February 28, 2024;  
Present: None, appeared for personal hearing.

ORDER  
UNDER SECTION 197 READ WITH SECTION 479 OF  
THE COMPANIES ACT, 2017

This Order shall dispose of the proceedings against M/S. Pirzada Sher Muhammad & Company (Private) 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 197 read with Section 479 of the Companies Act, 2017 (*"the Act"*).

2. Facts of the case are, that *"the company"* has failed to file its mandatory return (s) i-e Form-29 for the year(s) 2021 to 2023, within the stipulated time with the registrar, pursuant to sub-section (3) of Section 197 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 197 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 197(4) read with Section 479 may not be taken against *"the company"* for failing to conform to the provisions of Section 197 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), vide hearing notice bearing NO. AO-LHR/1258 sent at the registered 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



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## SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

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opportunity of hearing was provided to the company through its chief executive and director(s) by serving the notice dated February 19, 2024 sent at the registered 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, but it was noted that a reply was received from the company on March 04, 2024, informing that owing to the issues with website of SECP, it was failed to file the requisite return(s) as per Section 197 of "the Act" and the same fact was also verified by the Registrar, CRO, Multan.

5. Let us first have deliberation on the entreaty taken by the learned authorized representative, regarding interpretation of Section 197 of the Companies Act, 2017 ("the Act") and before proceeding any further, it is necessary to advert to the relevant provisions of the law and Section 197 of the Companies Act, 2017 which unambiguously stipulates that:

*197(1) Every company shall keep at its registered office a register of its directors and officers, including the chief executive, company secretary, chief financial officer, auditors and legal adviser, containing with respect to each of them such particulars as may be specified.*

*(2) Every person referred to in sub-section (1) shall, within a period of ten days of his appointment or any change therein, as the case may be, furnish to the company the particulars specified under sub-section (1).*

*(3) Every company shall, within a period of fifteen days from the date of appointment of any person referred in sub-section (1) or any change among them, or in any of their particulars, file with the registrar a return in the specified form:*

*Provided that this sub-section shall not apply to the first appointment made at the time of incorporation of the company.*

*(4) Any contravention or default in complying with requirement of sub-section (1) or sub-section (3) shall be an offence liable 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 197 of "the Act" as it has failed to file the aforesaid return i-e Form-29 for the year(s) ended 2021 to 2023 within the stipulated time i-e within fifteen days from the date of appointment /change of any person referred in Sub-section (1) of Section 197 and is liable to a penalty of level-1 on the standard scale, as provided under Section 197(4) of "the Act". The nature, seriousness and impact of the breach shows that the act of the company was deliberate and moreover the default, duration and the extent of the violation has raised serious concerns over the systemic weaknesses of the management systems and internal controls of the company and can't be ignored being a public interest /listed company, 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 197 of "the Act" have been delegated to the undersigned as Adjudication Officer, Adjudication Department-II, Lahore.





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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 197 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 197 of "the Act", therefore, I, while exercising the powers delegated vide S.R.O. 1546 (I)/2019 dated December 06, 2019 under Section 197 read with Section 479 of the "Act", hereby impose a penalty of Rs. 40,000/- 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:*  
April 24, 2024,  
Lahore.

The Chief Executive,  
M/S. Pirzada Sher Muhammad & Company (Private) Limited,  
Office No. 1, Opposite BZU Metro Station,  
Mahaye Road, Near BZU, Multan Bosan Town,  
Multan.

