

Before Amir M. Khan Afridi - Head of Department
In the Matter of Show Cause Notice issued to Paramount Spinning Mills Limited

Dates of Hearing:

February 1, 2022, March 3, 2022 & May 26, 2022

Order - Redacted Version

Order dated June 27, 2022 was passed by Head of Department (Adjudication-I) in the matter of Paramount Spinning Mills Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated January 4, 2022
2. Name of Company	Paramount Spinning Mills Limited
3. Name of Individual*	The proceedings were initiated against the Company.
4. Nature of Offence	<p>Proceedings were initiated in terms of Section 132 of the Companies Act, 2017 (the Act) read with Section 479 thereof.</p> <p>Brief facts of the case are that the Respondent Company has failed to convene its Annual General Meeting (the AGM) for the financial year ended June 30, 2021 within a period of one hundred and twenty (120) days following the close of its financial year.</p>
5. Action Taken	<p>Key findings were reported in the following manner:</p> <p>I have considered the facts of the case and relevant provisions of the law and state that holding of AGM is a vital statutory requirement as it provides opportunity to the members to participate in the decision making and voting on agenda items of the general meetings which include consideration and approval of the company's financial statements.</p> <p>In order to ensure transparency and to protect the shareholders' rights, all companies must adhere to the law by following the relevant procedure for holding AGMs. The Company cannot absolve itself from its statutory duties pertaining to holding of the AGM, preparation and filing of annual and quarterly financial statements in a timely manner as specified under the law.</p> <p>In view of the above, it is concluded that the relevant provision of the statute has been violated which renders the Company liable to penal action in terms of Section 132 of the Act. Therefore, in the exercise of powers conferred under sub-section (5) of Section 132 of the Act, I hereby impose a fine of Rs. 100,000/- (Rupees one hundred thousand only) on the Company.</p>
6. Penalty Imposed	Penalty of Rs. 100,000/- imposed on the Company.
7. Current Status of Order	An Appeal has been filed by the Company.

Redacted version issued for placement on website of the Commission.