



# SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

## Adjudication Department- I

### Adjudication Division

ORDER	
Name of Company	The Crescent Textile Mills Limited
Show Cause Notice No. & Date:	No. CSD/ARN/505/2017-680 dated December 05, 2024
Respondents:	(i) Mr. Naseer Ahmad Chaudhary, Company Secretary; and (ii) The Crescent Textile Mills Limited
Date(s) of Hearing(s):	December 27, 2024; January 06, 2025
Case represented by:	(i) Mr. Rashid Ibrahim; and (ii) Mr. Tariq Aleem
Provision of law involved:	Section 152 of the Companies Act, 2017 read with sub-section (3) of Section 152 and Section 479 thereof

This Order shall dispose of the proceedings initiated by the Securities and Exchange Commission of Pakistan (the "Commission") through the Show Cause Notice No. CSD/ARN/505/2017-680 dated December 05, 2024 (the "SCN") against The Crescent Textile Mills Limited (the "Company") and its Company Secretary, Mr. Naseer Ahmad Chaudhary (hereinafter collectively referred to as the "Respondents"), issued under Section 152 of the Companies Act, 2017 (the "Act").

2. The brief facts of the case are that the Commission had received information from one of the directors of the Company holding 0.11% shares (the "Member and/ or Director"), which alleged that the Company, pursuant to his request, took nine months to provide the minutes of Annual General Meeting held on October 26, 2023 (the "AGM") contrary to the requirements of sub-section (2) of Section 152 of the Act.

3. In order to probe the matter, the Commission vide email dated October 07, 2024 sought clarification from the Company regarding delayed provision of minutes of the AGM to the Member. In response, the Company through email dated October 22, 2024 submitted copy of the minutes of the AGM and informed that "the copy of the minutes has been provided to him." The aforesaid response of the Company was not found cogent on the grounds that it failed to mention the date on which copy of the minutes of the AGM were provided to the Member. Moreover the correspondence of the Member with the Company revealed that the minutes of the AGM were provided after a considerable delay as against the mandatory requirement of seven days, *prima-facie*, constituting contravention of sub-section (2) of Section 152 of the Act which attracts penal action as provided under sub-section (3) of Section 152 thereof. For case of reference, the same are reproduced as under:

*"152. Inspection of records of resolutions and meetings. — (2) Any members shall at any time after seven days from the meeting be entitled to be furnished, within seven days after he has made a request in that behalf to the company, with a certified copy of the minutes of any general meeting at such charge not exceeding the amount as may be fixed by the company.*

*(3) If any inspection required under sub-section (1) is refused, or if any copy required under sub-section (2) is not furnished within the time specified therein, the person guilty of an offence shall be liable to a penalty of level 1 on the standard scale, and the registrar may direct immediate inspection or supply of copy, as the case may be."*

4. In order to take cognizance in the matter, the SCN was issued to the Respondents to show the cause in writing as to why penal action may not be taken against them for non-compliance of the requirements of Section 152 of the Act. However, in response to the SCN, no submission/ reply was made by the Respondents.

5. In order to provide opportunity of personal representation, hearing in the matter was fixed for December 27, 2024 which was adjourned on the request of Mr. Rashid Ibrahim, representing the Respondents, vide letter dated December 24, 2024. Another hearing in the matter was fixed for January 06, 2025 wherein Mr. Rashid Ibrahim and Mr. Tariq Aleem appeared as Authorized Representatives ("ARs") and, inter-alia, admitted that:


- (i) AGM was held on October 26, 2023, request for copy of minutes of AGM received from Mr. Aurangzeb on November 28, 2023. Minutes were sent to PSX on PUCARs on December 21, 2023. However the same were provided to Mr. Aurangzeb with a delay on August 12, 2024;
- (ii) Due to ongoing issues, late provision of minutes is acknowledged. However Mr. Aurangzeb was fully aware of resolutions passed at AGM; and
- (iii) There was no malafide intention, therefore, lenient view is requested.

6. I have examined the facts of the case in light of applicable provisions of law and have given due consideration to the arguments made by the ARs during the hearing. I am of the considered view that the Respondents were required to comply with the mandatory requirements of aforesaid provisions of law. At this juncture, it is imperative to examine the following legal elements:

- (i) The provisions of sub-section (2) of Section 152 of the Act are explicit and provides no exemption for compliance. It is observed that the request for provision of copy of minutes of AGM held on October 26, 2023 was made by the Member on November 28, 2023 and accordingly the copy of said minutes were required to be furnished to him latest by December 05, 2023. However the Respondent furnished the same to the member on August 12, 2024 i.e. with a delay of 250 days. The said delay has also been admitted by the ARs during the hearing held on January 06, 2025.
- (ii) The argument of the ARs that the delay was caused due to ongoing issues is not plausible as the law does not provide any exception for compliance therewith. Further delayed furnishing of the copy of minutes does not absolve the Respondents from their fiduciary duty of timely compliance with the applicable legal and regulatory framework.

7. The aforesaid contravention with the requirements of sub-section (2) of Section 152 of the Act at the relevant point in time has been established beyond doubt which attracts penal action in terms of sub-section (3) of Section 152 of the Act. I have also given due attention to the grounds presented by the ARs to the said non-compliance, however, none of the ground seems to justify the non-adherence with the mandatory provisions of law. I, therefore, in exercise of the powers conferred upon me under sub-section (3) of Section 152 of the Act read with SRO 1545(I)/2019 dated December 06, 2019, hereby impose a penalty of **Rs. 10,000/- (Ten Thousand Rupees Only)** on Mr. Naseer Ahmad Chaudhary, Company Secretary while strictly advising the Company to ensure meticulous compliance with the applicable legal and regulatory framework in the future.

8. The aforesaid penalty must be deposited in the designated bank account maintained with MCB Bank Limited or United Bank Limited in the name of the Securities Exchange and Commission of Pakistan within thirty (30) days of the date of this Order and furnish receipted bank challan, to the Commission. In case of failure to deposit the said penalty, the proceedings under section 485 of the Act will be initiated for recovery of the same as arrears of land revenue.

  
21-01-2025  
**Sohail Qadri**  
Director/ HOD  
Adjudication Department-I

**Announced:**  
January 21, 2025  
Islamabad.