



# SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

## Adjudication Department-I

### Adjudication Division

ORDER	
Name of Company:	M/s. Chakwal Spinning Mills Limited
Show Cause Notice No. & Date:	CSD/ARN/93/2015-750 dated December 24, 2024
Respondents:	(i) Khawaja Muhammad Kaleem, Director; (ii) Mr. Mansoor Bin Saeed, Chief Executive Officer; (iii) Khawaja Muhammad Tanveer, Director; (iv) Sheikh Maqbool Ahmed, Director; (v) Khawaja Muhammad Jahangir, Director; (vi) Mst. Munaza Kaleem, Director; (vii) Mr. Abbas Ali, Director; (viii) Ms. Soha Kaleem, Director; (ix) Mr. Nadeem Anwar, Company Secretary; and (x) M/s. Chakwal Spinning Mills Limited.
Date(s) of Hearing(s) opportunities:	(i) January 10, 2025; and (ii) February 17, 2025.
Case Represented by:	No One Appeared.
Provision of Law Involved:	Section 132 of the Companies Act, 2017 read Section 479 thereof
Order dated:	March 20, 2025

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/93/2015-750 dated December 24, 2024 (the "SCN") issued under Section 132 of the Companies Act, 2017 (the "Act") read with Section 479 thereof against M/s. Chakwal Spinning Mills Limited (the "Company"), its Board of Directors (the "BoD") including Chief Executive Officer and the Company Secretary, hereinafter collectively referred to as the "Respondents".

2. The brief facts of the case are that the Company was, in terms of Section 132(1) of the Act, required to hold its Annual General Meeting for the year ended June 30, 2024 (the "AGM") within a period of one hundred and twenty (120) days following the close of its aforesaid financial year, i.e. by October 28, 2024. Subsequently, in view of the grant of extension by the Commission the Company was required to hold the AGM in the extended time i.e. latest by November 27, 2024. However, perusal of the relevant record of the Commission revealed that the Respondents had *prima-facie* failed to hold the AGM within the prescribed time. The relevant provisions of law relating to the instant matter are reproduced hereunder:

*"132. Annual general meeting.—(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...*

*(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..."*

3. Taking cognizance of the non-compliance, the SCN was served upon the Respondents subject to show the cause in writing as to why a penal action may not be taken against them for non-compliance with the aforesaid provisions. However, no response was submitted by the Respondents.

*Handwritten signature and date: 20-03-2025*

4. In order to meet the ends of justice and to provide the Respondents with opportunity of being heard, hearing in the matter was first fixed for January 10, 2025. However, the Company vide a letter dated January 07, 2025 requested an adjournment. Subsequently, hearing in the matter was re-fixed for February 17, 2025 with a clear instruction that in case of non-appearance, the matter would be decided ex-parte based on its merits and the record available with the Commission. The Respondents again preferred not to appear on the date of scheduled hearing. However, Mr. Khawaja Mohammad Kaleem, Director vide a letter dated February 17, 2025 which was received at this office on February 18, 2025 (after the hearing date) again requested an adjournment for over a month. In view of the fact that the Company was already granted adjournment earlier with a clear commitment to join the proceedings in the next hearing, the request for further adjournment for more than a month was not acceded to.

5. I have gone through the relevant provisions of Section 132(1) of the Act, and considered the facts of the case, and available record of the Company. I have also perused Section 132(5) of the Act, which stipulates penal provisions for contravention of the afore-referred provisions of law. It is observed that in terms of Section 132(1) of the Act, every company is required to hold its AGM once in every calendar year within a period of one hundred and twenty (120) days following the close of its financial year. It also provides that the Commission may grant an extension.

6. Accordingly, the Company was required to hold its AGM for the financial year 2023-24 by October 28, 2024 and despite being granted a 30-day extension by the Commission to hold the same by 27 November, 2024, it failed to do so. Moreover, the review of the information obtained from the PSX website reveals that the Company convened the said AGM for the financial year ended June 30, 2024, on January 16, 2025; which is with a delay of fifty (50) days from the allowed extended period.

7. Holding the AGM on time is a critical legal obligation that ensures transparency, accountability and shareholder engagement especially for a listed company which must fulfill its statutory duty to hold AGMs on time, facilitating open communication and feedback from shareholders. In a judgment passed by the Appellate Bench of the Commission in the matter of 2017 CLD 839 [Appeal No. 28 of 2013], it was held that "*...the facts of the case are clear and evident that the Appellants failed to conduct the AGM within stipulated time...therefore, they have acted against the fiduciary responsibilities towards the Company in capacity of directors...it was the collective responsibility of the directors of the Company to hold the meeting in accordance with law but they have failed to comply with the requirements of law, therefore no distinction could be assumed regarding guilt or innocence of the directors...*"

8. Furthermore, it is pertinent to observe that as per the available record of the Commission, the Respondents also failed to hold the AGM for the year 2021 in a timely manner and the same was also adjudicated and penalized by the Commission.

10. In view of the above-stated facts, I am of the considered view that by failing to hold AGM for the year ended June 30, 2024 within the stipulated timeline, the Respondents have contravened the requirements of Section 132(1) of the Act. It is also noted that despite provision of multiple hearing opportunities and grant of adjournment, the Respondents failed to participate in the instant proceedings; thereby reflecting their non-cooperative behavior in the matter. Therefore, I am left with no other option

*Handwritten signature and date:*  
# Chakwal  
20-03-2025

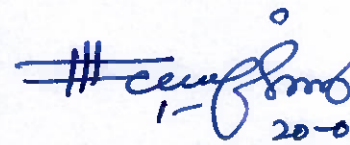
except to pass an *ex-parte* order against the aforesaid Respondents on the merits of the case and basis of record available with this office.

11. I, therefore, in exercise of the powers conferred upon me under clause (a) of sub-section (5) of Section 132 of the Act read with section 479 thereof vide S.R.O. 1545(I)/2019 dated December 06, 2019, hereby, impose an aggregate penalty of **Rs.110,000/- (Rupees One Hundred Ten Thousand only)** in the following manner:

S.No.	Name of Respondents	Amount of the Penalty Rs.
1.	Khawaja Muhammad Kaleem	10,000
2.	Mr. Mansoor Bin Saeed	10,000
3.	Khawaja Muhammad Tanveer	10,000
4.	Sheikh Maqbool Ahmed	10,000
5.	Khawaja Muhammad Jahangir	10,000
6.	Mst. Munaza Kaleem	10,000
7.	Mr. Abbas Ali	10,000
8.	Ms. Soha Kaleem	10,000
9.	Mr. Nadeem Anwar	10,000
10.	M/s. Chakwal Spinning Mills Limited	20,000
	<b>Total Amount</b>	<b>110,000/-</b>

The Respondents are also advised to remain careful in the future and ensure meticulous compliance with the provisions of law effectively and efficiently.

12. The Respondents are, hereby, directed to deposit the aforesaid amount of penalty in the designated bank account maintained in the name of the Commission with MCB Bank Limited or United Bank Limited within thirty (30) days from the date of this Order and to furnish a receipted bank challan to the Commission forthwith. In case of failure to deposit the penalty, the proceedings under Section 485 of the Act will be initiated for recovery of the fines as arrears of land revenue pursuant to provision of Section 42B of the Securities and Exchange Commission of Pakistan Act, 1997.

  
1-20-03-2025

Sohail Qadri  
Director/ HOD  
Adjudication Department-I

Announced:  
March 20, 2025  
Islamabad.

