



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

Through Courier

December 26, 2023

✓ NO. ADJ-II/LHR/ 665

THE CHIEF EXECUTIVE,
M/S. SUNDAR TRADE & INDUSTRY ASSOCIATION,
GATE NO. 1, SUNDAR INDUSTRIAL ESTATE,
RAIWIND ROAD,
LAHORE.

SUBJECT: ORDER IN RESPECT OF SHOW CAUSE NOTICE SCN NO./AO-LHR/631 DATED
NOVEMBER 22, 2023 IN THE MATTER OF M/S. SUNDAR TRADE &
INDUSTRY ASSOCIATION.

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, 3rd & 4th Floor,
7- Edgerton Road, Lahore. www.secp.gov.pk



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
ADJUDICATION DEPARTMENT -II
LAHORE

Through Courier.

BEFORE MOHSIN SYED, ADDITIONAL REGISTRAR /ADJUDICATION OFFICER,
ADJUDICATION DEPARTMENT -II, LAHORE.

In the Matter of
M/S. SUNDAR TRADE & INDUSTRY ASSOCIATION

Number and date of SCN: SCN No. /AO-LHR/631 dated November 22, 2023
Dates of Hearing/s: November 29, 2023 and December 7, 2023
Present: Mr. Tahir Saleem, Secretary general and authorized person of
the company representing all the respondent(s).

ORDER
UNDER SECTION 132 READ WITH SECTION 479 OF
THE COMPANIES ACT, 2017

This Order shall dispose of the proceedings against M/S. Sundar Trade & Industry Association ("the Company") and its directors including the chief executive ("the Respondents"), initiated through Show Cause Notice ("the SCN") dated November 22, 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 annual general meeting for the year(s) 2022 within a period of one hundred and twenty days, following the close of its financial year 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 22, 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 29, 2023 by serving the Show Cause notice on November 22, 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 hearing for December 06, 2023, vide hearing notice issued on November 30, 2023 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



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the scheduled date and time of the said hearing, however, Mr. Tahir Saleem, secretary general and authorized person had appeared on December 07, 2023 instead, via Zoom at company registration office, Lahore on the behalf of the company and argued the case. Mr. Saleem initiated the case with a stance, that it's a law-abiding company, that gives due care for compliance of every prevailing law, however, the previous staff was not aware of timelines for filing of the aforesaid returns with the Registrar and owing to an inadvertent mistake of the relevant staff it could not be intimated to the Registrar, though, the "company" had conducted the annual general meeting for the year 2022, timely in terms of Section 132 of the "Act". The undersigned had raised concerns over the said response of the company and provided him all the necessary information over the timelines for filing of mandatory returns to be filed by the company, under various provision(s) of "the Act" and further explained "the respondent", that director(s) /chief executive of the company are obligated to devise a system where all the reporting/filing requirements defined under "the Act", are timely met. The undersigned had given him another opportunity to describe any other persuasive reasons for the said default, however, despite being provided with the aforesaid opportunities, he could not explain or describe any persuasive reasons for the said default and only reiterated that owing to the aforesaid reasons, the said returns of the company were overlooked and could not be intimated to the registrar, within the stipulated time and further requested to condone penalty as the company had intimated and filed requisite returns with the Registrar, Company Registration Office, Lahore, during the course of the adjudication proceedings.

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 and intimate its annual general meeting(s) for the year(s) 2022 within a period of one hundred and twenty days, following the close of its financial year 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.



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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. Considering the facts on the case, proceedings and other record presented before the undersigned, I am compelled to decide the case as ("the Company") has complied with the mandatory requirements of Section 132 of "the Act", during the proceedings of the adjudication and the same fact has been verified by the Registrar Lahore. 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 complied with the requirements of Section 132 of "the Act" during the adjudication proceedings, therefore, I, while exercising the powers delegated vide S.R.O. 1546(I)/2019 dated December 06, 2019, hereby condone penalty, with a "warning" to the company and its chief executive /director(s) for future adherence to the law, in letter and spirit, to conclude "the SCN".


26/12/2023

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

Announced:

December 26, 2023,
Lahore.

The Chief Executive,
M/S. Sundar trade & Industry Association,
Gate No. 1, Sundar Industrial Estate,
Raiwind Road,
LAHORE.



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