



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

Through Courier

NO. ADJ-II/LHR/

628

January 22, 2024

The Chief Executive/Director,
M/S. Pakistan Steel Line Pipe Industry Association,
4th Floor, Davis Hytes,
38-Davis Road,
Lahore.

**SUBJECT: ORDER IN RESPECT OF SHOW CAUSE NOTICE SCN NO./AO-LHR/626
DATED NOVEMBER 22, 2023 IN THE MATTER OF M/S. PAKISTAN
STEEL LINE PIPE 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 Company Registration Office, 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. PAKISTAN STEEL LINE PIPE INDUSTRY ASSOCIATION

Number and date of SCN: SCN No. AO-LHR/ 626 dated November 22, 2023
Dates of Hearing/s: November 29, 2023; December 05, 2023 and December 19, 2023
Present: None, appeared for personal hearing.

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

This Order shall dispose of the proceedings against M/S. Pakistan Steel Line Pipe 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 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"* and neither any extension in terms of Section 132 (1) was obtained from the Commission. 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 failure to conform to the provisions of Section 132 of *"the Act"*, *ibid*.

4. In the matter of aforesaid SCN, initial opportunity of hearing was provided to the company through its chief executive 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 05, 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 the scheduled date and time.



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Considering the persistent non-appearance, a final opportunity of hearing was provided to the respondents through its chief executive and director(s) by fixing hearing for December 19, 2023, through serving hearing notice issued on dated December 07, 2023, however, again no one had appeared in response to the said final notice and neither, any reply was received from the respondent(s) to the show cause notice. It is pertinent to mention here that all the said hearing notice(s) were sent through courier, at the registered addresses of the company and its chief executive /directors that were subsequently delivered and have been served upon the company/it's director/chief Executive.

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 evident 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 its annual general meeting for the year 2022 within a period of one hundred and twenty days, following the close of its financial year as provided 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.

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. As regards the matter at hand, I have analyzed the facts of the case, relevant provisions of the Act, and the record available with the Commission. The aforementioned provisions of law are unambiguous and explicit. A company is required to hold its annual general meeting (herein called AGM) within a period of one hundred and twenty days from the close of its financial year. Holding of the AGM is a vital statutory requirement as it provides an opportunity to the shareholders to participate in the discussion and vote on important corporate decisions. The AGM is a forum where stakeholders can discuss performance of the Company and at the same time management can



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present its stewardship of resources entrusted to it. In order to ensure transparency and to protect the shareholders' rights, all companies must meticulously adhere to the law by following the procedure prescribed under the Act for holding the AGM. Moreover, the directors also have fiduciary duties towards the company and its shareholders, hence, they are liable to a higher level of accountability, which requires them to be vigilant and perform their duties with utmost care and prudence. In this context, the respondent(s) cannot absolve themselves from their statutory duties pertaining to holding of AGM, in a timely manner as specified under the law.

9. Considering the facts of the case, and other record presented before the undersigned, I am compelled to infer and decide that the case ex-parte as "the company" has failed to comply with mandatory requirements of Section 132 of "the Act", by non-holding 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. However, I have gone through the facts of the case as the company has failed to comply with the requirements of Section 132 of "the Act", therefore, I, while exercising the powers delegated vide S.R.O. 1546 (I)/2019 dated December 06, 2019 under section 132 read with section 479 of the "Act", hereby impose a penalty of **Rs. 25,000/-** upon the company, to conclude ("the SCN") proceedings.

10. 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
22/1/2024

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

Announced:
January 22, 2024
Lahore.

The Chief Executive,
M/S. Pakistan Steel Line Pipe Industry Association,
4th Floor, Davis Hytes,
38-Davis Road,
LAHORE.



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