



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

(Adjudication Department-II, Adjudication Division)

4th Floor State Life Building No.2, Wallace Road, Karachi.

Website: www.secp.gov.pk

CASE No. 4006/2023

BEFORE THE ADJUDICATING OFFICER

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

IN THE MATTER OF M/S. SARDAR HOSIERY PROCESSORS (PRIVATE) LIMITED

Date of Final Hearing: 01-August-2023

Present: **Mr. Hafiz Rehman Hussain (Representative)**

1. This Order shall dispose of the proceedings initiated under Section 132 of the Companies Act, 2017 (The Act), vide Show Cause Notice dated 15-06-2023 [“the Notice”].
2. The facts of the case are that the financial year of the M/S. SARDAR HOSIERY PROCESSORS (PVT.) LTD. (“the Company”) closed on 30 June, 2022, and it was required to hold its AGM within 120 days from the close of its financial year i.e. on or before 28th October, 2022. However, in Form A for the year 2022 the company reported holding of its AGM on 2nd May, 2023 which depicts that the AGM was held after a considerable delay of Six Months and Four Days.
3. Accordingly, the company, prima facie, violated the provisions of section 132(1) of the Act, which provides that 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.
4. Consequently, the aforesaid violation attracted the penal provisions of sub-section-5(b) of section-132 of the Act which provides that any violation of Section-132 shall be an offense liable to a penalty of Level-1 of the standard scale, i-e up-to Rs.25,000/- and upto Rs.500/- per day during which default continues, as provided u/s 479(2) of the Act. Accordingly, taking cognizance of the matter, a Show Cause Notice dated 15-06-2023 was served to the company calling upon them to Show Cause in my office on 04-07-2023 and subsequently adjourned to 12-07-2023 and 01-08-2023 (vide reminder notices dated 03-07-2023 and dated 12-07-2023 respectively), as to why the penalty laid down under the above mentioned section should not be imposed.
5. On the date of hearing, Mr. Hafiz Rehman Hussain (Representative) appeared before me in person on behalf of the Company. While admitting the default, he submitted in the light of company’s written reply dated 07-07-2023 “that AGM was Held after a considerable delay due to the reason that Company’s Software was crashed very Badly which caused lot of work pending, disturb internal operations, accounts finalization and many other audit issues.”.

6. The contention of the Representative of the company for the non-compliance of law may be a justifiable excuse to some extent but it also shows clear negligence on the part of management of the company who is responsible to manage, pursue and make sure that the compliances are being made timely and strictly in accordance with the law. Further, no evidence of making genuine efforts on the part of the management to avoid the aforesaid default has been produced. However, keeping in view the aforesaid facts of the case and assurance given by the Authorized Representative that no such default would be repeated in future and the company shall ensure proper and timely compliance of statutory requirements of law, I am convinced to take a lenient view and not to imposed per day penalty during which the default continued. However, I hereby imposed an initial penalty of **Rs.25,000/-** on the company.
7. The management of the company is advised to deposit the penalty amount within 30 days from the date of receipt of this order in any designated branches of MCB Bank Limited or UBL Bank and furnish original receipted challan to this office within the above said period positively.
8. A copy of this order be placed on the record of company, maintained by the dealing Registrar of the Company Registration Office.



**(ZIA UL RASHEED ABBASI)
ADJUDICATING OFFICER /
ADDITIONAL REGISTRAR**

Dated: 04-August-2023