**Before**

**Amir M. Khan Afridi, Director/HOD (Adjudication-I)**

**In the matter of Show Cause Notice issued to Chakwal Spinning Mills Limited**

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| Date of Hearing | November 15, 2021, December 01, 2021 |

**Order-Redacted Version**

Order dated April 12, 2022 was passed by Director/Head of Department (Adjudication-I) in the matter of Chakwal Spinning Mills Limited. Relevant details are given as hereunder:

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| **Nature** | **Details** |
| 1. Date of Action | Show cause notice dated June 03, 2021 |
| 1. Name of Company | Chakwal Spinning Mills Limited |
| 1. Name of Individual\* | The proceedings were initiated against eight directors of the Company. |
| 1. Nature of Offence | Under Section 176 of the Companies Act, 2017 read with Section 479 thereof. |
| 1. Action Taken | Key findings were reported in following manner:  I have gone through the facts of the case, the written and verbal submission made by the Respondents and provisions of Section 176 of the Act and state that the said legal provision is very much clear and require the Board to meet at least once in each quarter of the financial year of the company. The Respondents have misconstrued the requirements of Section 176 of the Act stating that board meetings are held with single agenda to approve quarterly Accounts and business related to it. It may be noted that the Act provides numerous businesses, in addition to approval of financial statements, that require deliberation and decision of Board. In addition, the Listed Companies (Code of Corporate Governance) Regulations, 2019 also require that significant issues be placed for the information, consideration and decision of the Board. It has been observed that the Respondents have acknowledged their failure to hold at least one Board meeting during the quarters ended March 31, 2020; September 30, 2020 and December 31, 2020.  After careful consideration of all the facts of the case, I am of the considered view that the Respondents have contravened the provisions of subsection (3) of Section 176 or the Act and are liable for penalty under sub-section (4) of Section 176 read with Section 479 thereof. In exercise of, the powers conferred under the said provision, I hereby, impose a cumulative penalty of Rs. 120,000 (Rupees one hundred and twenty thousand only) on Respondents.  Nothing in this Order may be deemed to prejudice the operation of any provision of the Act providing for imposition of penalties in respect of any default, omission, violation of the Act. |
| 1. Penalty Imposed | Cumulative penalty of Rs. 120,000/- (Rupees One hundred and twenty thousand only) was imposed on the Respondents. |
| 1. Current Status of Order | No Appeal has been filed by the respondents. |