



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. 783/2022

BEFORE THE ADJUDICATING OFFICER

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

IN THE MATTER OF M/S. SAATH MICROFINANCE FOUNDATION PAKISTAN

Present through Zoom video link: Ms. Dureshahwar Memon
(Authorized Director)

Date of hearing: 24-05-2022

1. This Order shall dispose of the proceedings initiated under Section 132 of the Companies Act, 2017 (The Act), vide Show Cause Notice dated 30-04-2022 ["the Notice"].
2. The facts of the case are that after examination of the record/documents of the company it was revealed that the company failed to hold its Annual General Meetings (AGMs) for the year 2020 & 2021, as required to be held in terms of section 132 of the Companies Act, 2017 (the "Act").
3. Prima facie, the company violated the provisions of section 132(1) of the Act, which attracts penal provisions contained under section 132 (5)(b) *ibid*.
4. Consequently, the afore mentioned violation of law rendered the company and its officer(s) liable to a penalty of level - 1 on the standard scale provided under section 132 (5)(b) read with section 479(2) of the Act. Accordingly, taking cognizance of the matter, a Show Cause Notice dated 30-04-2022 was served to the company and its Chief Executive, calling upon them to Show Cause in my office on 18-05-2022 and subsequently adjourned to 24-05-2022, as to why the penalty laid down under the above mentioned section should not be imposed.
5. On 24-05-2022, the authorized director of the Company attended the hearing in person through "ZOOM video link". While admitting the default, she stated in the light of company's reply dated 13-05-2022 that the association is not operational since last three years (2019 till to date) due to inexperience in the field of microfinance. Further, the covid-19 pandemic also effected the functioning of the company. In fact, the management is now planning to close down the association. She further submitted that the company has managed to get the financial statements audited for period ended 30-06-2020 and applied to SECP for issuing


direction u/s 147 of the Act. The dealing Officer/Registrar, SECP has confirmed from the record that the direction u/s 147 ibid was issued to the company, vide letter dated 27-05-2022 to hold the overdue AGM for the year 2020 within 30 days from the date of direction.

6. Ms. Dureshahwar also submitted that preparation of financial statements for the period ended 30-06-2021 are still under process and not yet audited. Moreover, due to uncoordinated and dispersed board of directors (BoD) /Officers, the company may likely be able to hold the AGM for the Year 2021 with even more delay.
7. The aforesaid contentions of Ms. Dureshahwar for the non-compliance of law is not a justifiable excuse, as it shows negligence on the part of BoD/ Officers of the company who are responsible to manage, pursue and make sure that the compliances are being made timely and strictly in accordance with the law. Conceding to the fact that Covid-19 pandemic caused unusual circumstances for many companies, it was still the liability of the company and its officers to make genuine efforts to fulfil corporate and statutory requirements of law which are not utterly consequential and dependent on the fluctuations or even halt in the business operations or on any other external factor. Particularly, when electronic mediums are now easily available and being recognized, the management could have managed to make statutory requirements of law by making sincere and serious exertions. Unfortunately, no such evidence was provided by the authorized director which could establish that the BoD/Officers had taken reasonable measures to avoid the subject violation of law. Unquestionably, the BoD /Office-bearers act in the fiduciary capacity on behalf of the members of the company. Rather, the BoD/officer(s) of a non-profitable association owes even higher responsibilities towards its beneficiaries/ members, once they prefer to hold their positions.
8. The aforesaid legal and factual circumstance of the case warrants penalization on the company as well as its BoD/Officers for committing the admitted and established violation of the law. Notwithstanding, while considering the assurance given by the authorized direct for making best possible efforts in order to make good of the default, financial and liquidity constraints and the intention of the management to wind up the company in future, I am inclined to take a lenient view and hereby impose a lump-sum token penalty on the company and its officer as under, which is even less than 0.07 % of the penalty jointly-liable as per standard scale-I.

S.No.	Penalty imposed on	Amount of penalty (Rs.)
1	M/S. SAATH MICROFINANCE FOUNDATION PAKISTAN (company)	2500/=
2	Mr. Mirza Khan (Chief Executive & Director)	5000/=
3	Zakia Dahri (Director)	2500/=

4	Faryal Gul (Director)	2500/=
5	Nazeer Ahmed (Director)	2500/=
6	Faizullah Dahri (Director)	2500/=
7	Asia Bano (Director)	2500/=
8	Dureshahwar (Director)	2500/=
9	Safdar Ali (CFO / Co. Secretary)	2500/=
Total		Rs.25,000/=

9. 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 and also directed to make good of the default without further delay.
10. A copy of this order be placed on the record of company maintained by the dealing Registrar of the Company Registration Office, Karachi.


(ZIA UL RASHEED ABBASI)
ADJUDICATING OFFICER /
ADDITIONAL REGISTRAR

Dated: 30-05-2022