



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. 907/2022

BEFORE THE ADJUDICATING OFFICER

ORDER UNDER SECTION 17 READ WITH SECTION 479 OF THE COMPANIES ACT, 2017

IN THE MATTER OF M/S. THARPARKAR SUGAR MILLS LIMITED

Present: **Mr. Abdur Rub (Authorized Representative)**

Date of hearing: 18-August-2022

1. This Order shall dispose of the proceedings initiated under Section 17 of the Companies Act, 2017 (The Act), vide Show Cause Notice dated 27-June-2022 [“the Notice”].
2. The facts of the case are out in pursuance of order dated December 01, 2021 under section 257 of the companies Act,2017 (Act) in respect of M/S. Tharparkar Sugar Mills Limited (Company). The Inspectors have submitted the investigation report dated March 21, 2022, wherein it was revealed that the company is in violation of Clause 72 and 107(a) of the Articles of Association read with Section 17 of the Act wherein the minimum number of directors is Seven (7) but the Company has six (6) directors. Also, as per Clause 107(a) of Articles of Association, participation of NDFC director is mandatory which had not been complied with by the Company.
3. Prima facie, the company violated the provisions of section 17 of the Act, which attracts penal provisions contained in section 17 (4) of the Act.
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 17 (4) read with section 479(2) of the Act. Accordingly, taking cognizance of the matter, a Show Cause Notice dated 27-June-2022 was served to the company through its Chief Executive as well as the directors of the company, calling upon them to Show Cause in my office on 07-July-2022 and subsequently re-fixed on 18-Aug-2022 as to why the penalty laid down under the above mentioned section should not be imposed.
5. On the date of hearing, Mr. Abdur Rub (authorized representative) of the Company appeared before me in person. While admitting the default, he stated that at the time of incorporation of the Company the Companies Ordinance, 1984 required minimum seven directors of a Public Company, therefore, Article 72 of the Articles of Association provided that “the number of Directors shall not be less than 7.” However, due to promulgation of Companies Act, 2017 the minimum number of directors for an unlisted public company is required to be 3. The management has decided to reduce the minimum number of directors from seven (7) to three (3) and has accordingly amended

from the Article 72 of the Articles of Association. In this respect we enclose herewith following:

- i. Extract from Board of Directors meeting regarding reduction of minimum number of directors from seven (7) to three (3).
 - ii. Copy of Special Resolution passed by the shareholders in Annual General Meeting held on August 15, 2022.
 - iii. Minutes OF Annual General Meeting held on August 15, 2022.
 - iv. Copy of amended Memorandum and Articles of Association.
6. The contention of the company and its authorized representative for the non-compliance of law is not a precise excuse, as it shows 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 and to keep all the statutory record available at the registered office address of the company. However, keeping in view the aforesaid facts as narrated above 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 not to take stringent action against the company. Further, the company has now made good of the default per se attached documents. Besides, there is no evidence / information available on the record of this case which could jeopardize the interest of any stakeholder. Hence penalty of **Rs.25,000/-** is imposed 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: 25-Aug-2022