



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

(COMPANY REGISTRATION OFFICE)

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

Website: www.secp.gov.pk

CASE No. 1701/2021

BEFORE THE ADJUDICATING OFFICER

ORDER UNDER SECTION 197 READ WITH SECTION 479 OF THE COMPANIES ACT, 2017

IN THE MATTER OF M/s Banaras National Foundation

Present: **Qamar UI Hassan**

(Authorized Representative / Officer of the Company)

Date of hearing: 12-08-2021

1. This Order shall dispose of the proceedings initiated under Section 197 of the Companies Act, 2017 (The Act), vide Show Cause Notice dated 25-06-2021 ("the Notice").
2. The facts of the case are that, an inspection order dated 30-01-2020 and supplementary order dated 04-02-2020 were issued by the commission to inspect the books of accounts, record and documents of the company. During inspection it was revealed that the company did not maintain any register of its directors and officers, including the chief executive, company secretary, chief financial officer, audit and legal advisor, as required u/s 197(1) of the Companies Act, 2017 (the "Act")
3. However, Sub Section (1) of Section 197 of the Act provides that, every company shall keep at its registered office a register of its directors and officers, including the chief executive, company secretary, chief financial officer, auditors and legal adviser, containing with respect to each of them such particulars as may be specified.
4. Prima facie, the company violated the provisions of section 197 (1) of the Act, which attracts penal provisions contained in section 197 (4) of the Act.
5. The provisions of Section 197 (4) of the Act provides that, any contravention or default in complying with the requirement of sub section (1) or sub section (3) shall be an offence liable to a penalty of level 1 on the standard scale, i-e up to Rs.25,000/- and up to 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 25-06-2021 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 27-07-2021, subsequently adjourned to 05-08-2021 and finally to 12-08-2021, as to why the penalty laid down under the above-mentioned section should not be imposed.

6. On the date of hearing, authorized representative of the Company appeared before me in person. While admitting the default, he stated that our company is running a charitable hospital with own resources of members and meet expenses from the nominal income generated from the hospital itself. Therefore, we are always in financial stress and could not hire proper officers/ official to look after corporate compliances in true letter & sprit. However, after the inspection conducted by SECP, we have now hired a new accountant officer who will comply remove all the discrepancies and short comings within 15 days positively. Kindly take a lenient view as we undertake that no such default will be repeated in future.
7. The contention of the authorized representative of the company in accordance with the law is not a justifiable excuse, as it shows negligence on the part of management of the company who is responsible to manage, pursue and make sure that financial statements and other statutory returns are duly being filed by the company within statutory time period. However, considering the business status (i.e. charitable hospital) and keeping in view that the assurance given by the authorized representative that the company will maintain the register of its directors and officers, including the chief executive, company secretary, chief financial officer, audit and legal advisor as per the requirement of law, I am convinced to take a lenient view. Hence, a penalty of **Rs: 10,000/=** is hereby imposed on the company.
8. The management of the company is advised to deposit the penalty amount within 10 days from the date of receipt of this order in any designated branches of MCB Bank Limited or UBL Bank and furnish original paid challan to this office within the above said period and also directed to make good of the default immediately under intimation to this office.
9. A copy of this order be placed on the record/file of the company for future reference and further appropriate action to be taken by the concerned registrar, if any.



(ZIA UL RASHEED ABBASI)
ADJUDICATING OFFICER /
ADDITIONAL REGISTRAR

Dated: 12-08-2021