



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. AOK-74/2023

BEFORE THE ADJUDICATING OFFICER

ORDER UNDER SECTION 21 READ WITH SECTION 479 OF THE COMPANIES ACT, 2017

IN THE MATTER OF

M/S. PROGRESSIVE TRADERS (PRIVATE) LIMITED

Date of Final Hearing: 21-11-2023

Present: **MR. AMMAR SURIA (Advocate) of M/s. Mohsin Tayebaly & Co.**
(Authorized Representative)

1. This Order shall dispose of the proceedings initiated under Section 21 of the Companies Act, 2017 ("The Act"), vide Show Cause Notice dated 10-11-2023 ("the Notice").
2. The facts of the case are that, a complaint was received by the concerned registrar, company registration office, Karachi dated 30 May, 2023 on 31 May, 2023 which was forwarded to the company through TCS, vide letter dated 25-10-2023 seeking comments from the company/management thereof. However, the letter was returned undelivered with the remarks that "consignee office shifted from the given address of the company." Later, an officer from Company Registration Office, Karachi visited the registered office address, wherein it was revealed that the building had been demolished, which transpired that the company does not maintain its registered office address violation of Law.
3. The aforesaid facts depicts that the company, prima facie, either failed to have its registered office address or failed to give notice of change of registered office address to the registrar, as the case may be, in violation of the Sub-Section (1) or Subsection (2) of Section 21 of the Companies Act, 2017 (the "Act"), which provides that "a company shall have a registered office to which all communications and notices shall be addressed and the company shall give notice to the Registrar for change of registered office addresses in the manner provided therein, respectively."
4. Accordingly, the aforesaid violation attracts the penal provisions of sub-section-3 of section-21 of the Act, which provides that 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 10-11-2023 was served to the company and its officers, calling upon them to Show Cause in my office on 21-11-2023, as to why the penalty laid down under the above mentioned section should not be imposed.

5. On the date of hearing i.e. 21.11.2023, Mr. Ammar Suria Advocate (authorized representative of the Company) appeared before me in person. He stated in the light of reply dated 21-11-2023 that *at all times we were of the opinion that we were compliant of Section 21 of the Act, 2017. However, we acknowledge that the Company did not formally adhere to the requirements under Section 21 (2) of Act, 2017, i.e notifying the registrar about the change of registered address, which was an entirely unintentional and inadvertent omission. We would like to apprise you on behalf of our Clients, that the Company has taken immediate remedial measures to comply with the subject requirement as laid down in Section 21 of Act, 2017 as it has already submitted the application, along with the requisite forms.*

Additionally, it is also informed that the Company has only shifted its registered address to its factory which has been operational for the last many decades. Further, the general public and all their commercial/business associates were duly informed of the change of address which was also reflected on the Company's letterheads and website. Hence, the inadvertent omission and delay in complying with the requirement under Section 21 of the Act, 2017 has not had any prejudicial, adverse or material impact on any party, including all stakeholders of the Company. Our Clients and the Company are cognizant and always endeavor to fulfil all legal, regulatory and compliance requirements. Consequently, it is added that, our Clients have not knowingly or willfully contravened the applicable laws which would attract the penal provisions of the Companies Act.

It is further submitted that it would be against law and principles of equity to impose any liability on the Directors in their individual capacity under the instant Notice. The Directors were not responsible for nor tasked with intimating to the SECP the change in registered address as the same was the responsibility of the secretarial staff of the Company (on behalf of the Company) and an inadvertent omission on their part.

6. The contention of the authorized representative / counsel of the company, in the light of written reply dated 21-11-2023 in respect of non-compliance of law, might have been a justifiable excuse to some extent but it shows glaring negligence on the part of the management of 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 officers/management to avoid the aforesaid offense has been produced. Even though, the default has been admitted, the officers/management are aiming to apart themselves from one of their primary responsibilities in respect of performing their statutory duties in a fiduciary capacity for and on behalf of the shareholders as well as the company and rather shifting their responsibilities on others' shoulders; which cannot absolve them from complying their statutory obligations. Besides, it is a well settled principle of law that "ignorance of law is no plea" and disregarding the mandatory compliances, particularly obligated under a special law, is tantamount to deliberate negligence and breach of trust of the shareholders and all other stakeholders, which is contrary to the essence and scheme of the legislation.

In the instant case, it is reported that the registered office address of the company was changed w.e.f from 25-9-2020. However, the prescribed return/form has been filed with Registrar with the delay of 03 years and 22 days, which makes all the officers along with the company liable to penalty amounting to Rs.5,83,500/= each (@ Rs.25,000/= plus Rs.500/= per day) and totaling to Rs.6,418,500/= (company plus 10 officers).

Nevertheless, I have considered the the aforesaid facts of the case and also the assurance given by the counsel of company that no such default would be repeated in future and the company shall ensure proper and timely compliance of statutory requirements of law. Therefore, I am convinced to take a lenient view and not to imposed the stringent penalty. Moreover, per-se the board resolution dated 28/09/2020 furnished during the course of hearing, the board of directors of the company had specifically delegated the responsibilities including filling of statutory returns to Mr. Muhammad Sadiq Sheikh (one of the directors/officers). Additionally, the chief financial officer, Mr. Rehan Qureshi, has also taken the responsivity on his shoulders for commitment of the aforesaid offense, vide his affidavit dated 27-11-2023. Under the circumstance, the officers/directors, excluding the specifically authorized/responsible director and the chief financial officer, warrants exoneration from penalization for this time.

Therefore, I hereby impose the penalty as under:

M/S. PROGRESSIVE TRADERS (PRIVATE) LIMITED	Rs.25,000/-	(4.3% of the Total Penalty)
Mohammad Sadiq Sheikh - Director	Rs.5,000/-	(0.86% of the Total Penalty)
Muhammad Rehan Qureshi - Chief Financial Officer	Rs.5,000/-	(0.86% of the Total Penalty)
TOTAL	Rs.35,000/-	(1.5% of the Total Penalty)

7. The officers/ management of the company is advised to deposit the afore mentioned penalty amount within 15 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 and also warned to refrain from committing any offense punishable under the applicable laws, rules and regulations.
8. 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: 04-12-2023