



Securities and Exchange Commission of Pakistan

Adjudication Division Adjudication Department

Before

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

In the matter of Show Cause Notice issued to Nimir Resins Limited (Formerly Descon
Chemicals Limited)

Date of Hearing

August 12, 2021

Order-Redacted Version

Order dated June 13, 2022 was passed by Director/Head of Department (Adjudication-I) in the matter of Nimir Resins Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated July 19, 2021
2. Name of Company	Nimir Resins Limited
3. Name of Individual*	The proceedings were initiated against three former directors of the Company.
4. Nature of Offence	Under Section 193 of the Companies Ordinance, 1984 read with Section 476 thereof.
5. Action Taken	<p>Key findings were reported in following manner:</p> <p>I have gone through the facts of case, relevant provisions of the law and the record placed before me. I would like to mention here that Section 193 of the Ordinance explicitly requires that the quorum of meeting of directors of a listed company shall not be less than one third of their number or four, whichever is greater. In this regard, I have observed that the four board members participated in the board meeting dated February 19, 2015. However, for the purpose of the agenda item i.e. approval of divestment of shares held by the Company in Descon Oxychem Limited, Jotun Powder Coating (Pvt.) Limited, and TRG Pakistan Limited; Mr.**** being interested, did not participate in the proceeding of the board meeting to the extent of approval this agenda item. Due to this non-participation of Mr.**** in the approval of said agenda item; the remaining three board member (i.e. the Respondents) approved the said agenda item and such approval breached the threshold prescribed in Section 193 of the Ordinance for the quorum of the board meeting of a listed company which shall not be less than one-third of their number or four, whichever is greater. Moreover, provisions of Section 216 of the Ordinance, not only requires the interested directors to abstain from taking part in the discussion of or vote on any contract or arrangement where the directors have interest but explicitly provides that presence of interested directors will not count for the purpose of forming a quorum at the time of any such discussion of or vote; and if such director does vote, his vote shall be void. Hence the assertion of the Respondents that the quorum is only for the meeting and not for individual agenda items, is not tenable and negated. Therefore, it is evident that the Respondents</p>



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	<p>approved the agenda of divestment of shares without requisite quorum of at least four directors which is contravention of Section 193 of the Ordinance.</p> <p>Keeping in view the above, I am of the view that provisions of sub-section (1) of Section 193 of the Ordinance have been contravened. The said contravention attracts applicability of clause {a) of sub-section (3) of Section 193 of the Ordinance. Therefore. in exercise of the powers conferred under the said provision, I hereby impose Rs. 9000/- cumulative penalty on Respondents.</p> <p>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.</p>
6. Penalty Imposed	A cumulative Penalty of Rs. 9,000/- (Rupees Nine thousand only) was imposed on the Respondents.
7. Current Status of Order	No appeal has been filed by the respondents.