



Securities and Exchange Commission of Pakistan
Company Law Division
Corporatization & Compliance Department

Before

Director
(Corporatization and Compliance Department)

In the matter of

TCS DISTRIBUTION (PVT.) LIMITED

ORDER

Under section 7 of the Companies (Appointment of Legal Advisers) Act, 1974

Number and date of show cause notice: No. HO-LA/88826/2017-IAN-2706/2017-117
dated July 14, 2017

This Order shall dispose of proceedings initiated against M/s. TCS Distribution (Pvt.) Limited (the "Company") and its Chief Executive for default made in compliance with the requirements of sub-section (1) of section 3 of Companies (Appointment of Legal Advisers) Act, 1974 (the "Act").


2. The brief facts leading to the show cause notice are that the Company was required in terms of sub-section (1) of section 3 of the Act to appoint atleast one legal adviser on retainerhip to advise such Company in the performance of its functions and the discharge of its duties in accordance with law. Sub-rule (1) of rule 4 of the Companies (Appointment of Legal Advisers) Rules, 1975 (the "Rules") provides that every Company shall within fifteen days of the appointment of a legal adviser by it furnish in duplicate to the registrar of the region in which its registered office is situated, the name, names of the partners in case of a firm, address and remuneration of the legal adviser. However, from the perusal of record, it has been observed that the Company has failed to do so for which a show cause notice dated July 14, 2017 (the "SCN") was issued calling upon the Company and its Chief Executive to explain in writing and to appear in person or through authorized representative for hearing on August 07, 2017 to clarify the position.

3. In response to the above SCN, the authorized representative of the Company vide letter dated August 04, 2017 sought adjournment which was acceded to by the Commission and hearing was re-fixed for August 25, 2017. In the meanwhile, the

authorized representative vide its letter dated August 17, 2017 informed that at the time of incorporation, the paid up capital was inadvertently written as Rs. 20,000,000/- instead of Rs. 40/- on subscriber's pages of Memorandum & Articles of Association. The authorized representative also attended the hearing on August 25, 2017 and explained the same points as stated in his above letter. The authorized representative was advised to adopt proper procedure for reduction in the share capital as per the relevant provisions of the Law vide Commission letter dated August 25, 2017. Subsequently, the hearing was finally re-fixed for December 13, 2017, on which date the authorized representative appeared and requested for further extension in time till December 26, 2017 which was acceded to by the Commission and advised the Company to comply with the requirements of Law, failing which the matter shall be decided ex-parte on the basis of material available on record and on its merits. Eventually the Company vide its letter dated December 26, 2017 has informed that it has decided to opt to close the Company under the provision of the Companies (Easy Exit) Regulations, 2014.

4. I have gone through the relevant provisions of the Act and other record of the Company and observed that sub-section (1) of section 3 of the Act requires the Company to appoint atleast one legal adviser on retainership to advise such Company in the performance of its functions and the discharge of its duties in accordance with law. Further, sub-rule (1) of rule 4 of the Rules requires that every Company shall, within fifteen days of the appointment of a legal adviser by it, furnish in duplicate to the registrar of the region in which its registered office is situated the name (names of the partners in case of a firm), address and remuneration of the legal adviser. I have also perused section 7 of the Act which provide penalty for contravention of the Act.

5. Based on the above, it is apparent that the Company and its Chief Executive have violated the mandatory requirements of the Act by not appointing its legal advisor. However, keeping in view of the fact that the Company has decided to apply under the Companies (Easy Exit) Regulations, 2014, I, therefore, take a lenient view, and do not impose any fine on the Company and its Chief Executive. The Company is, however, advised to complete the Easy-Exit process and informed within three (3) months for review.


(Mubasher Saeed Saddozai)
Director (CCD)

Announced:
January 12, 2018.