



# SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

(Adjudication Department-II, Adjudication Division)

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Website: [www.secp.gov.pk](http://www.secp.gov.pk)

CASE No. AOK-543/2024

## BEFORE THE ADJUDICATING OFFICER

ORDER UNDER SECTION 130 READ WITH SECTION 479 OF THE COMPANIES ACT, 2017

### IN THE MATTER OF ISMAK (PVT.) LIMITED

Case Fixed for Final Hearing: 07-06-2024

Present: None present for personal hearing

1. This Order shall dispose of the proceedings initiated under Section-130 of the Companies Act, 2017 ("The Act"), vide Show Cause Notice dated 09-01-2024["the Notice"].
2. The facts of the case are that the company was required to file its annual returns within thirty days from the date of the Annual General Meeting (AGM) held in the year or, when no such meeting is held or if held is not concluded, from the last day of the calendar year to which it relates in terms of provisions of section 130(3) of the Act.
3. However, the record of the company registration office revealed that the company failed to file its annual returns for the year(s) 2020 to 2022, in violation of the above said provisions of law.
4. This constituted violation of law and rendered the company liable to penalty of level – 1 on the standard scale, provided under section 130(6)(b) read with section 479(2) of the Act. Accordingly, taking cognizance of the matter, a Show Cause Notice dated 09-01-2024 and subsequent reminders dated 24-01-2024 and 15-03-2024 were served to the company, calling upon to show cause in my office within 10 days from date of show cause notice and reminders thereafter, as to why the penalty laid down under the above mentioned section should not be imposed.
5. In response to the above-mentioned show cause notice, no one appeared before the undersigned for personal hearing. However, a written reply dated 17-02-2024 was received for and on behalf of the company stating therein that :

*"I, Makhmoor Shahyiar, CNIC 42301-1050227-5, resigned from CEO Ismak (Pvt) Limited on April 10, 2019 since most of the board members did not turn up in the board meeting that was called on April 10, 2019. I tried to contact Mr. Asif Naqi, Mr. Jawed Akhtar and Mr. Adeel Tasneem, three of the six board of directors, many times but could not get any response from them. As a result, Ismak (Pvt) Limited went into dispute and there were no funds or products left to run the company. I had all company records till 20 June, 2021 when the office burned down due a fire break out. Police report is attached herewith. Ismak started off as a private limited company with a mission to introduce innovative products. We did so with three products and planned to introduce five new products during the first year of its launch, and then expanding them beyond the boundaries of Pakistan. But stock supply had been erratic and became an issue since the initial phase. However, when the supply situation improved, the quality of the products declined to the extent that we were forced to change the product and its packaging. Because of these two issues, we had to bear severe losses in terms of sales and, more importantly, credibility. By putting in hard effort, ISIS Pharmaceuticals & Chemical works, 25/4, Sector 12-C, North Karachi, Industrial Area, Karachi, our manufacturer and Ismak shareholders, Mr. Asif Naqi, Mr. Jawed Akhtar and Mr. Adeel Tasneem, succeeded in designing a new packaging that has been accepted very well. With this new packaging, sales had started again in a positive manner. It was evident, as the amount of new products supplied by itit Pharmaceuticals & Chemical works had been paid by Ismak accordingly. And with the sale and acceptance of the new packaging, the hope of overcoming previous losses were visible. In order to improve the situation, all costs and expenses had been curtailed, including office rent, Field Force, CED salaries, and other controllable factors. Unfortunately, there was once again a severe shortage of the products and no supply had been made for four months against the forecast, despite many commitments from ISIS. It was told that the product was in manufacturing process and would be available in a few days. Due to unavailability of the products, all hard efforts, promotional investments, time, and sales had been lost. We were once again standing at the crossroads where our credibility were at stake once again. What I know that if we lose money, we lose nothing. If we lose credibility, we lose everything. Under that situation I had no choice except to resign from my position."*

6. The contentions of the CEO that the requirements of Section-130 of the Act could not be complied in accordance with law are not truly justifiable, as it shows negligence on the part of management of the company who is responsible to manage, pursue and make sure that all the statutory requirements of law are fulfilled diligently. The aforesaid circumstances, in spite of being conceivable, should have not been a hindrance in making requisite compliance, i-e filling of year ended forms-A (annual Returns). The board of Directors (BoD) could simply instruct it's any officer or even official to file the statutory returns containing the requisite information made upto the period ended on 31st December each year. It is an apparent ignorance and negligence on the part of management which could not be considered as a plausible plea under the eyes of law. Notwithstanding, keeping in view the circumstances narrated herein above and assurance given by the CEO that the management of the company will ensure timely compliances of statutory requirements as soon as possible, I am convinced to take a lenient view and not inclined to impose a nominal penalty on the directors/officers in personam this time. In this regard, Company Registration Office shows that the company has failed to file its annual returns for the previous year(s) 2020 to 2022. Accordingly, this is a consecutive default of 3 year(s). Hence, a penalty of Rs. 75000/- is hereby imposed on the company without prejudiced. The company has admittedly failed to hold its

AGM(s) in violation of the provisions of section-132 of the Act, for which the dealing/concerned Registrar may take cognizance of the default separately.

7. The management of the company is advised to deposit the penalty amount within 30 days 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 and also directed to file requisite financial statements immediately but not later than 30 days from the date of receipt of this order positively.
8. A copy of this order be placed on the record of company maintained by the concerned/dealing Registrar of the Company Registration Office.



**(ZIA UL RASHEED ABBASI)  
ADJUDICATING OFFICER /  
ADDITIONAL REGISTRAR**

Dated: 13-06-2024