



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN  
Adjudication Department –II  
Lahore.  
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Through Registered A.D.

NO. ADJ-II/AO-LHR/1190

February 11, 2021

The Chief Executive,  
M/S. Knowledge Inn (Private) Limited,  
Al Iqbal Plaza Opposite Paf Colony  
Talagang Road Mianwali.

SUBJECT: ORDER IN RESPECT OF SHOW CAUSE NOTICE ARL/SCN/F/088 DATED 22-09-2020 IN THE MATTER OF M/S. KNOWLEDGE INN (PRIVATE) LIMITED

Dear Sir/Madam,

Please find enclosed herewith copy of the final "Order", in the title matter for proceedings under section (s) 130 read with sections 479 of the Companies Act, 2017, for your record and necessary action.

Mohsin Syed  
Joint Registrar/Adjudication Officer,  
Adjudication Department-II, Lahore.

Cc for info: Incharge Company Registration Office, Faisalabad.  
2nd Floor, Fcci Building, East Canal Road,  
Faisalabad.



Securities and Exchange Commission of Pakistan  
Adjudication Department –II, Adjudication Division, 3<sup>rd</sup> & 4<sup>th</sup> Floor,  
7- Edgerton Road, Lahore. [www.secp.gov.pk](http://www.secp.gov.pk)



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN  
Adjudication Department –II

Lahore

*Through Registered A.D.*

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**Before The Joint Registrar / Adjudication Officer,  
Adjudication Department –II, Lahore.**

*In the Matter of*

**M/S. KNOWLEDGE INN (PRIVATE) LIMITED**

Number and date of SCN: ARL/SCN/F/088 dated September 22, 2020  
Dates of Hearing/s: October 06, 2020, November 10, 2020 and December 31, 2020  
Present: None, appeared for personal hearing.

**ORDER**

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

This Order shall dispose of the proceedings against M/S. Knowledge Inn (Private) Limited (“the Company”) and its directors including the Chief Executive (“the Respondents”), initiated through Show Cause Notice (“the SCN”) dated September 22, 2020 issued under the provisions of Section (s) 130 read with Section 479 of the Companies Act, 2017 (“the Act”).

2. Brief facts of the case are, that “the company” has failed to file its annual return (s) for the year(s) 2019 with the registrar, pursuant to Section 130 of “the Act”. Without any prejudice, the company has contravened the aforesaid provisions of “the Act” and rendered the company liable to a penalty of level-1 on the standard scale, as provided under Section 130 read with Section 479 of “the Act”.

3. Consequently, the aforesaid Show Cause Notice dated September 22, 2020 was issued to “the Respondents” to show cause in writing as to why penal action as enunciated under Section 130(6) read with Section 479 may not be taken against “the company” for failing to conform to the provisions of Section 130 of “the Act”, *ibid*.

4. In the matter of aforesaid SCN, initial opportunity of hearing was provided to the company and its Directors/Chief Executive by fixing hearing on October 06, 2020 through serving the Show Cause notice on September 22, 2020 at the registered office of the company. However, both the Company and its Chief Executive & Director(s) had failed to appear personally or through an authorized representative on the scheduled date and time. Thereafter, another opportunity of hearing was provided to the company and its management by fixing hearing for November 10, 2020 through hearing notice issued on October 22, 2020, however, again both the company and its Chief Executive & Director(s) had failed to appear personally or through an authorized representative on





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the scheduled date and time. Considering the persistent non-appearance, a final hearing opportunity was provided to "the respondents" for December 31, 2020 through serving hearing notice issued on December 10, 2020 sent at the registered office of the company and residential addresses of the Director(s)/Chief Executive, however, both "the Company" and its Chief Executive/Director(s) had again failed to appear personally or through an authorized representative on the scheduled date and time. It is pertinent to mention here that all the said hearing notice(s) were sent through Registered A.D, at the registered addresses of the Company and its Chief Executive /Directors that were subsequently delivered and have been served upon the company/its Director(s) /Chief Executive.

5. It is evident from the aforesaid proceedings of the case that ample opportunities were provided to "the company/respondents" to describe the reasons for the said default and defend the case, and all said hearing notice(s) were sent through Registered A.D, at the registered addresses of the Company and its Chief Executive /Directors that were subsequently delivered & served upon "the respondents" to "the SCN". Now as regards to the facts of the case, it is clear from the synopsis of the aforementioned hearing opportunities, that the company /its Chief Executive or Director(s) have not only failed to appear, but also have further failed to describe any persuasive reason(s) for the said prolonged default despite being provided with the numerous hearing opportunities, in the instant case. Before proceeding further, it is necessary to advert to the relevant provisions of the law and Section 130 of the Companies Act, 2017 that unambiguously stipulates that:

*130(1) " Every company having a share capital shall, once in each year, prepare and file with the registrar an annual return containing the particulars in a specified form as on the date of the annual general meeting or, where no such meeting is held or if held is not concluded, on the last day of the calendar year":*

*130(3) The return referred to in sub-section (1) or sub-section (2) shall be filed with the registrar within thirty days from the date of the annual general meeting 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: and*

*130(6) Any contravention or default in complying with requirement of this section shall be an offence liable—*

- (a) in case of a listed company, to a penalty of level 2 on the standard scale; and*
- (b) in case of any other company, to a penalty of level 1 on the standard scale.*

6. It is clear from the abovementioned scripts of the law that the company is in default of Section 130 of "the Act" as it has failed to conform to the provisions of Section(s) 130 and to file its mandatory return(s) under section 130 of "the Act" within the stipulated time and rendered the company liable to a penalty of level-1 on the standard scale, as provided under Section 130 (6) of "the Act". The nature, seriousness and impact of the breach shows that the act of the company was deliberate and moreover the persistent default, duration, the extent and frequency of the violation has raised serious concerns over the systemic weaknesses of the management systems and internal controls of the company necessitating the need to take



Securities and Exchange Commission of Pakistan (SECP)

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serious cognizance and stern action by the Commission after considering gravity of the default, in the instant case.

7. In terms of the Commission's Notification S.R.O. 1546 (I)/2019 dated December 06, 2019, the power(s) to adjudicate cases under Section(s) 130 of "the Act" have been delegated to the undersigned as Adjudication Officer, Adjudication Department- II, Lahore.

8. Considering the aforesaid facts on record and non-compliance of the company; I would like to highlight that the afore-mentioned provisions of the law are unambiguous and explicit and the fact that timing is essence of the reporting requirements and, the disclosure requirements of these returns have been kept to a bare minimum. Annual return(s) along with financial statement/s prepared accurately and in a timely manner, provide to its users a reliable source of information regarding a company's position and performance, besides illustrating the results of the management's stewardship of resources entrusted on to it. In order to ensure transparency, all companies must meticulously adhere to the law for timely preparation of these returns and directors are obligated to ensure that such mechanisms are in place, and appropriate actions be taken, whereby operational reporting of the company is timely achieved, whilst ensuring due compliance of the law. Before proceeding with the decision, I would like to highlight here that I am compelled to decide the said pending case ex-parte as neither, ("the Company") has replied to "the SCN", nor its Chief Executive/Director(s) have appeared personally or through an authorized representative, despite being provided with the aforementioned numerous hearing opportunities. I am of the view, that the company has failed to comply with the requirements of Section(s) 130 of "the Act" therefore, I, while exercising the powers delegated vide S.R.O. 1546 (I)/2019 dated December 06, 2019, hereby impose a lumpsum penalty of Rs. 25,000/- upon the company, to conclude "the SCN" proceedings.

9. The Chief Executive of the Company is advised to deposit the aforementioned penalty in the designated bank account maintained with MCB Bank Limited or UBL Bank Limited in the name of the Securities and Exchange Commission of Pakistan, within thirty days from the receipt of this Order, and original receipted bank vouchers must be furnished to the Commission. In case of non-deposit of the fines, proceedings for recovery of the same shall be initiated against the company and the respondent(s) to this show cause notice.

Mohsin Syed  
Joint Registrar/Adjudication Officer,  
Adjudication Department-II, Lahore.

**Announced:**  
February 11, 2021,  
Lahore.

The Chief Executive,  
M/S. Knowledge Inn (Private) Limited,  
Al Iqbal Plaza Opposite Paf Colony  
Talagang Road Mianwali.

