



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

(Adjudication Department-II, Adjudication Division)
4th Floor State Life Building No.2, Wallace Road, Karachi.
Website: www.secp.gov.pk

CASE No. 36/2023

BEFORE THE ADJUDICATING OFFICER

ORDER UNDER SECTION 132 READ WITH SECTION 479 OF THE COMPANIES ACT, 2017

IN THE MATTER OF M/S. MAXIM LABEL AND PACKAGING (PVT.) LTD.


Date of hearing: 10-04-2023

Present: **MR. Hassam Kazim** (Authorized Representative)

1. This Order shall dispose of the proceedings initiated under Section 132 of the Companies Act, 2017 (The Act), vide Show Cause Notice dated 28-02-2023 ["the Notice"].
2. The facts of the case are that M/S. MAXIM LABEL AND PACKAGING (PVT.) LTD. ("the Company") was incorporated on 11 December, 2018 under the provisions of the Companies Act, 2017 (the Act). Pursuant to the provisions of section 132 of the Act, the company was required to hold its first AGM on or before 11 April, 2020, and thereafter hold subsequent AGMs within one hundred and twenty days following the close of the financial year. However, on examination of the statutory records maintained with the Company Registration Office, Karachi, it was observed that the company did not convene its first and subsequent AGMs within the statutory time-period. In fact, the company filed an application dated 13 January, 2023, seeking direction in terms of Section 147 for holding AGMs for 3 years i.e. 2019, 2020 and 2021 and also filed year ended returns for the calendar years 2019, 2020 and 2021.
3. The afore mentioned facts establish that the company failed to hold its AGMs for the years 2019, 2020 and 2021 within statutory period and prima facie, violated the provisions of section 132(1) of the Act, which provides that Every company shall hold an annual general meeting within sixteen months from the date of its incorporation and thereafter once in every calendar year within a period of one hundred and twenty days following the close of its financial year.
4. The aforesaid violation attracts the penal provisions of sub-section-5(b) of section-132 of the Act which provides that any violation of Section-132 shall be an offense liable to a penalty 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 28-02-2023 was served to the company/management through its Chief Executive calling

upon them to Show Cause in my office on 15-03-2023 and subsequently adjourned to 27-03-2023 and 06-04-2023(vide reminder notices dated 16-03-2023 and dated 28-03-2023 respectively), as to why the penalty laid down under the above mentioned section should not be imposed.

5. On the date of hearing, MR. Hassam Kazim (authorized representative) of the Company appeared before me in person. While admitting the default, he stated that there are only two directors in the Company, one of which is a foreigner. The company was incorporated in the year 2018 and its 1st AGM was due in the year 2019. However, in the year 2019, Covid-19 Pandemic was broken out and lasted for a couple of subsequent years. Accordingly, the foreigner director was not available in Pakistan during the default period and AGMs couldn't be held in time. However, the company has now made good of the default and AGMs for the year, 2019, 2020 and 2021 have now been held on 10.02.2023.
6. The contention of the authorized representative for the non-compliance of law is not a justifiable excuse, as it shows negligence on the part of management of the company who is responsible to manage, pursue and make sure that the compliances are being made timely and strictly in accordance with the law. However, keeping in view the assurance given by the authorized representative that no such default would be repeated in future and the management of the company shall ensure proper and timely compliance of statutory requirements of law, I am convinced to take a lenient view. Hence a penalty of **Rs.25,000/-** is imposed on the company only.
7. The management of the company is advised to deposit the penalty amount within 30 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 positively.
8. A copy of this order be placed on the record of company maintained by the dealing Registrar of the Company Registration Office.


(ZIA UL RASHEED ABBASI)
ADJUDICATING OFFICER /
ADDITIONAL REGISTRAR

Dated: 10-04-2023