

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

In the matter of Show Cause Notice issued to AKD Capital Limited

Dates of Hearing

April 13, 2021

Order-Redacted Version

Order dated May 24, 2021 was passed by Director/Head of Department (Adjudication-I) in the matter of AKD Capital Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated February 9, 2021
2. Name of Company	AKD Capital Limited
3. Name of Individual*	The proceedings were initiated against the Company and directors of the Company i.e. AKD Capital Limited
4. Nature of Offence	Violations of under the Listed Companies (Code of Corporate Governance) Regulations, 2019 read with section 512 and section 479 of the Companies Act, 2017
5. Action Taken	<p>Key findings were reported in the following manner:</p> <p>I have examined the submissions made in writing and during the hearing as well as issues highlighted in the SCN and requirements of the Act and the Regulations. Based on the available record, it is stated that:</p> <p>(i) with regard to appointment of *** as an independent director, the Respondents have admitted the default. The arguments in this regard put forth by the Legal Counsel of the Respondents that *** was acting as a director of the Company prior to 2012 and her appointment was erroneously carried forward, are not plausible. It is pointed out that apart from the aforesaid director, the Company in EOGM elected another independent director who was registered in databank of PICG. Hence, I am of the view that stance taken for non-compliance with the aforesaid requirements of Section 166(1) of the Act is not acceptable as default persisted since election of director till the appointment of ***;</p> <p>(ii) with regard to non-compliance of sub-regulation 3 of regulation 27 of the Regulations for not having determined ToR of</p>

	<p>the BAC by the Board of Directors, the Respondents are of the view that the board of the Company in its meeting held on October 29, 2020 had approved the said ToR. It is relevant to mention here that Auditors of the Company in their review report annexed to the Company's Accounts 2020, on the SoC with the Regulations, inter alia, highlighted instance of non-compliances of regulation 27(3) of the Regulations. During the course of the said proceedings, a copy of the circular resolution passed by the Board of Directors of the Company on March 8, 2021 has been placed, which states that: "Regarding item-1 above BOD was informed that TOR of Audit Committee were discussed and approved by the Board in the BOD meeting held on 29th October, 2020". Moreover, following extracts of board meetings of October 28, 2020 and October 29, 2020 were also placed in terms of which following resolution was passed: "Resolved that as recommended by the Audit Committee and reviewed by the BOD following TOR are stand approved". Keeping in view the above, it is stated that the Regulations were promulgated through SRO 1163(1)/2019 dated September 25, 2019, and in case of the Company, default of the stated requirement of regulation 27(3) of the Regulations persisted till date of approval of ToR of BAC i.e. October 28, 2020.</p> <p>A penalty of Rs. 50,000/- (Rupees Fifty Thousand only) was imposed each on the Company on Chief Executive of the Company (total Rs. 100,000/-)</p> <p>Penalty order dated May 24, 2021 was passed by Director (Adjudication-I).</p>
6. Penalty Imposed	A Penalty of Rs. 50,000/- (Rupees Fifty Thousand only) was imposed on the Company and Rs. 50,000/- (Rupees Fifty Thousand only) was imposed on Chief Executive of the Company.
7. Current Status of Order	No Appeal has been filed by the respondents till date.