

Before

Amir M. Khan Afridi, Director/Head of Department

In the matter of

Avanceon Limited

Date of Hearing

February 7, 2022

Order-Redacted Version

Order dated March 16, 2022 was passed by Director/Head of Department (Adjudication-I) in the matter of Avanceon Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show Cause Notice dated December 24, 2021
2. Name of Company	Avanceon Limited
3. Name of Individual*	The proceedings were initiated against Board Audit Committee.
4. Nature of Offence	Keeping in view the fact that only two BAC meetings were held during the financial year 2020 contrary to the requirements of the aforesaid legal provision, therefore, proceedings under clause (i) sub-regulation (2) of regulation 27 of the Regulations read with Sections 512(2) and 479 of the Act were initiated through the SCN against the Respondents.
5. Action Taken	<p>Key findings are given as hereunder:</p> <p>I have gone through the facts of the case, written submissions made by the Respondents and arguments put forth during the hearing proceedings, in light of the applicable legal provisions and observed that BAC meetings were not held during two quarters of the financial year of 2020. In this regard, the directors in their report on SOC stated that: <i>“only two meetings were held during the year, due to non-availability of members and time shortage to adjourn the meetings.”</i></p> <p>The aforesaid reflects that non-compliance of clause (i) of sub-regulation (2) of regulation 27 of the Regulations is committed and admitted. The arguments put forth by the Respondents that, BAC meetings were not held due to non-availability of members and time zone differences, are not tenable. The BAC meetings must have been held virtually. This mode of holding meetings was more sophisticated, convenient, effective and time saving particularly in the instance case where members of the BAC were at different locations. Keeping in view the above, I, in exercise of the powers under regulation 37 of the Regulations read with Section 512 of the Act,</p>

	<p>hereby, impose penalty of Rs. 75,000/- (Rupees Seventy Five Thousand only) on the Respondents.</p> <p>The aforesaid fines must be deposited in the designated bank account maintained with MCB Bank Limited in the name of the Securities and Exchange Commission of Pakistan within thirty days of the date of this order and furnish receipted bank vouchers to the Commission. In case of non-deposit of the said penalty, proceedings under Section 485 of the Act will be initiated for recovery of the same as arrears of land revenue. It may also be noted that the said fines are imposed on Respondent in personal capacity, therefore, is required to pay the said amount from personal resources.</p> <p>Nothing in this Order may be deemed to prejudice the operation of any provision of the Regulations/Act providing for imposition of penalties in respect of any default, omission or violation of the Regulations/Act.</p>
6. Penalty Imposed	Rs. 75,000/-
7. Current Status of Order	No Appeal has been filed by the Company.