



Corporate Supervision Department
Company Law Division

Before Amina Aziz – Director

In the matter of

K-Electric Limited

Number and date of notice: CSD/ARN/413/2016-2549-61 dated January 31, 2017
Date of hearing: May 10, 2017
Present: Mr. Rashid Sadiq
("authorized representative")

ORDER

UNDER SECTION 158 AND SECTION 245(3) READ WITH SECTION 476 OF THE COMPANIES ORDINANCE, 1984

This order shall dispose of the proceeding initiated against directors and chief executive ("respondents") of K-Electric Limited (the "Company") through show cause notice (the "SCN") dated January 31, 2017 under the provisions of Section 158 & Section 245 read with Section 476 of the Companies Ordinance 1984 (the "Ordinance").

2. The facts leading to this case, briefly stated, are that in terms of sub-section (1) of section 158 of the Ordinance the Company was required to hold the annual general meeting (the "AGM") for the year ended June 30, 2016 on or before October 31, 2016. As per record of this office, respondents have, *prima facie*, failed to convene the AGM for the year ended June 30, 2016 till date.

3. In terms of sub-section (1) of section 245 of the Ordinance read with Commission's circular no. 9 dated March 19, 2003, every listed company is required to file its quarterly financial statements (the "Quarterly Accounts") with the Commission within one month of the close of first and third quarters and within two months of the close of second quarter. The Company failed to file the following Quarterly Accounts with the Commission in physical form within the time stipulated by the aforesaid provisions of the Ordinance:

Quarter Ended	Due On
30-Sep-16	31-Oct-16

Consequently, the SCN was issued to the respondents under Section 158 and 245 of the Ordinance.

4. In response to the SCN, the Company submitted reply dated February 8, 2017. A brief of the reply relevant to the contents of the SCN is given below;



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- The Company filed petition with NEPRA for continuation of the Company's Multi Year Tariff (MYT) for a ten (10) year period commencing 1 July 2016. NEPRA admitted the said petition in March 2016 and public hearing was held on 27 and 28 September 2016. However, delay in determination by NEPRA on KE's MYT petition, resulted in delay in completion of financial statements of the Company for the year ended 30 June 2016 and resultantly delayed the statutory audit.
- NEPRA's decision/determination on our abovementioned petition was yet to be notified and that it can impact the judgments and estimates used in the financial statements of the Company for the year ended 30 June 2016. In addition, it was further stated that various meetings were being held with GOP for resolution of Circular Debt related matters which would also have material impact on the said financial statement of the Company. In view of the situation, it would not be possible for the Company to finalize the said financial statements and complete the audit process. As a result, the Company was also not in a position to notify the date for holding the AGM.
- The esteemed Commission was further apprised and assured that as soon as the abovementioned issues are resolved and financial statements are finalized /audited, we would immediately apply to the Commission for direction for holding the AGM. The quarterly accounts for the period ended 30 September 2016 would be based on figures and numbers of June 2016 annual accounts and, therefore, can only be issued after finalization of accounts for the year ended 30 June 2016.

5. Hearing in the matter was held on May 10, 2017 and the authorized representatives Mr. Rashid Sadiq appeared on behalf of respondents and submitted that following;

- The Company has sought direction till June 20, 2017 to hold overdue AGM. The AGM shall be held within the said date.
- The delay occurred due to tariff determination. The Company has satisfactory compliance record to hold AGM and submission of Quarterly Accounts.

6. In terms of the Commission's notification SRO 1003 (I)/2015 dated October 15, 2015, the powers to adjudicate cases under section 158 and 245 of the Ordinance have been delegated to the Director (Corporate Supervision Department).



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7. I have analyzed the facts of the case, relevant provisions of the Ordinance, arguments put forth by the respondents in writing and during the hearing and observed that the Company failed to hold AGM on time due to delay in tariff determination. Therefore, keeping in view the Company's previous satisfactory compliance record of holding AGM's and filing of Quarterly Accounts, case is closed without any adverse order.

Amina Aziz
Director

Announced:
June 9, 2017
Islamabad

