

Before Amir M. Khan Afridi - Head of Department

In the matter of Show Cause Notice issued to K-Electric Limited

Dates of Hearing

December 10, 2020 & August 11, 2021

Order-Redacted Version

Order dated April 26, 2022 was passed by Head of Department (Adjudication-I) in the matter of K-Electric Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated November 25, 2020
2. Name of Company	K-Electric Limited
3. Name of Individual*	The proceedings were initiated against the Company.
4. Nature of Offence	<p>Proceedings were initiated in terms of Section 132 of the Companies Act, 2017 (the Act) read with Section 479 thereof.</p> <p>Respondent failed to convene its Annual General Meeting (the AGM) for the financial year ended June 30, 2018 within a period of one hundred and twenty (120) days following the close of its financial year contrary to the requirements of sub-section (1) of Section 132 of the Act. Later on, upon receipt of extension application, the Respondent was granted extension of time vide the Commission's letter dated September 28, 2018 to convene its past due AGM on or before November 28, 2018. Subsequently, in response to applications filed by the Respondent, the Commission vide its directives dated June 21, 2019 and September 11, 2019 under Section 147 of the Act, directed the Respondent to convene its past due AGM latest by August 31, 2019 and November 15, 2019 respectively.</p> <p>The Respondent contravened the provisions of Section 132 of the Act by failing to convene its AGM within the afore-mentioned time period.</p>
5. Action Taken	<p>Key findings were reported in the following manner:</p> <p>I have considered the facts of the case in light of the relevant provisions of the Act, and arguments submitted during the hearing as well as the Company's written responses and state that:</p> <ul style="list-style-type: none">(i) Holding of AGM is a vital statutory requirement as it provides opportunity to the members to participate in the discussion and voting on agenda items of the general meeting which includes consideration and approval of the company's financial statements;(ii) Non-holding of AGM deprives the members of their fundamental and statutory right, to know about the affairs of the company and participate in decision making.

	<p>(iii) In order to ensure transparency and protect the shareholders' rights, all companies must meticulously adhere to the law by following the procedure prescribed under the Act for holding of AGMs;</p> <p>(iv) The Respondent cannot absolve itself from its statutory duties pertaining to holding of AGMs, preparation and filing of annual and quarterly financial statements in a timely manner as specified under the law;</p> <p>(v) The Respondent failed to convene its AGM for FY ended June 30, 2018 within the specified one hundred and twenty (120) days from the close of its FY;</p> <p>(vi) The Commission, however, vide directives dated June 21, 2019 and September 11, 2019 under Section 147 of the Act directed the Respondent to convene its past due AGM latest by August 31, 2019 and November 15, 2019; and</p> <p>(vii) The Respondent held the said overdue AGM on November 4, 2019, i.e. before the deadline mentioned in the aforesaid directive.</p> <p>Keeping in view the above, it has been observed that the Company has convened and held the overdue AGM for FY 2018 on November 4, 2019 before the deadline set by the Commission through the aforesaid directive date November 15, 2019, therefore, I hereby conclude the proceedings without imposing penalty on the Respondent. I, however, remind the Respondent of its fiduciary duties and responsibilities towards all stakeholders, advising it ensure that such mechanisms are in place and appropriate actions be taken whereby holding of AGM and financial and operational reporting of the Company are timely achieved, whilst ensuring due compliance of the law.</p>
6. Penalty Imposed	No penalty imposed on the Company.
7. Current Status of Order	No Appeal has been filed by the Company.

Redacted version issued for placement on website of the Commission.