

**Before Amir M. Khan Afridi, Director/Head of Department**

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

Date of Hearing:

December 8, 2021

**Order - Redacted Version**

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

<b>Nature</b>	<b>Details</b>
1. Date of Action	Show cause notice dated October 28, 2020
2. Name of Company	K-Electric Limited
3. Name of Individual*	The proceedings were initiated against the Company.
4. Nature of Offence	<p>Brief facts of the case are that:</p> <ul style="list-style-type: none"><li>a. The Respondent failed to convene its Annual General Meeting (<b>the AGM</b>) for the financial year ended June 30, 2017 within a period of one hundred and twenty days following the close of its financial year as required under sub-section (1) of Section 132 of the Companies Act, 2017 (<b>the Act</b>);</li><li>b. The Respondent was advised vide the Commission's directive dated April 25, 2018 under Section 147 of the Act to convene its past due AGM within three months of the said directive; and</li><li>c. Subsequent reminders dated June 25, 2018 and July 9, 2018 were issued to the Respondent to act in accordance with the Commission's directive, i.e., hold the AGM and lay therein annual audited financials for the financial year ended June 30, 2017.</li></ul> <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"><li>(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;</li></ul>

	<p>(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> <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, 2017 within the specified one hundred and twenty (120) days from the close of its FY;</p> <p>(vi) The Respondent was advised vide the Commission's directive dated April 25, 2018 under Section 147 of the Act to convene its past due AGM within three months of the said directive; and</p> <p>(vii) The Respondent held the said overdue AGM on July 30, 2019, i.e. before deadline of August 31, 2019 as mentioned in the latest directive.</p> <p>Keeping in view the above, it has been observed that the Company has convened and held the overdue AGM for FY 2017 on July 30, 2019 before the deadline set by the Commission through the aforesaid directive, 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.**