



Securities and Exchange Commission of Pakistan

Adjudication Division
Adjudication Department-I

Before

Amir M. Khan Afridi - Director/Head of Department

In the matter of Show Cause Notice issued to Arpak International Investments Limited

Dates of Hearings

March 15, 2022

Order-Redacted Version

Order dated April 6, 2022 was passed by Head of Department (Adjudication-I) in the matter of Arpak International Investments Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated January 25, 2022
2. Name of Company	Arpak International Investments Limited
3. Name of Individual*	The proceedings were initiated against the Company and its Directors.
4. Nature of Offence	<p>Proceedings were initiated in terms of the Section 166, Section 169 and Section 479 of the Companies Act, 2017 (the Act).</p> <p>Brief facts of the case are that the Company in its Annual General Meeting (AGM) held on October 26, 2021 elected seven directors for a period of three years, inclusive of two independent directors namely *** and ***. In terms of Section 166(1) of the Act, the independent directors were required to be selected from the data bank maintained by an institute notified by the Securities and Exchange Commission of Pakistan (the Commission) for this purpose. The Commission vide S.R.O 73(I)/2018 dated January 25, 2018 has notified the Pakistan Institute of Corporate Governance (PICG) for maintaining data bank of qualified individuals who can be elected for appointment as independent directors on the board of directors of various companies particularly the public interest companies. However, upon review, it was observed that none of the aforesaid directors were found to be registered/ enrolled with PICG.</p> <p>It was responsibility of the Respondents to choose independent directors from the data bank maintained by PICG and get those elected in terms of Section 166(1) of the Act. The mentioned</p>



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	<p>independent directors were not selected from data bank of PICG which is violation of Section 166(1) of the Act. Hence, the SCN was served upon the Respondents requiring them to show the reason as to why penalty may not be imposed on them for the aforesaid contravention.</p>
5. Action Taken	<p>Key findings were reported in the following manner:</p> <p>I have gone through the facts of the case, the submissions made in writing as well as during the hearing proceedings and the aforementioned legal provisions and state that it is mandatory to have independent directors from the data bank maintained by an institute notified by the Commission i.e. PICG. I am of the considered view that the Respondents have failed to fully comply with the requirements of Section 166(1) of the Act, at the time of election of directors held on October 26, 2021, by not picking the independent directors from PICG's data bank or not enrolling names of the said two individuals with PICG prior to their election as independent directors on the Board of the Company. However, keeping in view the fact that the said non-compliance has now been rectified by enrolling the aforesaid two independent directors in the data bank of PICG, the proceedings initiated through the SCN are being concluded without imposing any monetary penalty on the Respondents. Nevertheless, the Respondents are hereby warned to ensure full and timely compliance with all the applicable laws including Section 166 of the Act.</p> <p>Nothing in this Order may be deemed to prejudice the operation of any provision of the Act providing for imposition of penalties in respect of any default, omission, violation of the Act.</p>
6. Penalty Imposed	No penalty was imposed.
7. Current Status of Order	No Appeal was filed.