



# Securities and Exchange Commission of Pakistan

## Adjudication Division Adjudication Department

### Before

#### Amir M. Khan Afridi, Director/HOD (Adjudication-I) In the matter of Show Cause Notice issued to Gammon Pakistan Limited

Date of Hearing

June 14, 2022

#### **Order-Redacted Version**

Order dated June 27, 2022 was passed by Director/Head of Department (Adjudication-I) in the matter of Gammon Pakistan Limited. Relevant details are given as hereunder:

<b>Nature</b>	<b>Details</b>
1. Date of Action	Show cause notice dated April 29, 2022
2. Name of Company	Gammon Pakistan Limited
3. Name of Individual*	The proceedings were initiated against seven Directors of Gammon Pakistan Limited.
4. Nature of Offence	Under Section 166 of the Companies Act, 2017 read with Sections 169 and 479 thereof.
5. Action Taken	<p>Key findings were reported in 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 state that it is mandatory for listed company to have independent directors from the data bank maintained by an institute notified by the Commission/ Mr. **** was not registered with PICG at the time of the election of directors i.e. October 28, 2020; rather he was subsequently registered with PICG on April 11, 2022, i.e. after 18 months of the date of election of directors. I am of the considered view that by not electing the aforementioned independent director from the PICG's data bank at the time of the election of directors; the Respondents have failed to comply with the requirements of Section 166(1) of the Act. The said default persisted from the date of the election of directors held on October 28, 2020, till the date of registration of his name with PICG i.e. April 11, 2022, and the aforesaid contravention attracts applicability of the penal provision i.e. Section 169 of the Act read with Section 479 thereof. However, taking cognizance of the subsequent ratification of the aforesaid non-compliance, I in terms of the powers conferred under Section 169 of the Act read with Section 479 thereof, hereby conclude the proceedings initiated through the SCN without imposing any monetary penalty. The Respondents are, however, warned to ensure compliance with all the applicable regulatory requirements including Section 166 of the Act in letter and spirit, in the future. 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	Nil
7. Current Status of Order	No appeal has been filed by the respondents.