

Before Amir Saleem – Additional Director/Head of Wing

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

Dates of Hearing: April 3, 2019, June 20, 2019, August 26, 2020
& August 11, 2021

Order-Redacted Version

Order dated April 21, 2022 was passed by Additional Director/Head of Wing (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 March 20, 2019
2. Name of Company	K-Electric Limited
3. Name of Individual*	The proceedings were initiated against the directors and chief executive officer of the Company.
4. Nature of Offence	<p>Proceedings were initiated in terms of Section 237 of the Companies Act, 2017 (the Act) read with Section 479 thereof.</p> <p>Brief facts of the case are that the Company failed to electronically transmit its interim financial statements for period ended September 30, 2018 with the Commission within the stipulated time pursuant to Section 237 of the Act.</p> <p>The directors and chief executive officer of the Company contravened the provisions of Section 237 of the Act by failing to electronically transmit the afore-mentioned quarterly accounts with the Commission within the stipulated time.</p>
5. Action Taken	<p>Key findings were reported in the following manner:</p> <p>I have analyzed the facts of the case, relevant provisions of the Act, and the arguments set forth over the course of hearing as well as the Company's written correspondence with the Commission. The aforementioned provisions of the law are unambiguous and explicit. The fact that timing of interim financial statements is of essence, the disclosure requirements of these accounts have been kept to a bare minimum. Interim financial statements prepared accurately and in a timely manner provide to its users a reliable source of information regarding a Company's financial position and performance, besides illustrating the results of the management's stewardship of resources entrusted on to it.</p> <p>In order to ensure transparency, all companies must meticulously adhere to the law for preparation and circulation of interim financial statements. Moreover, Respondents have fiduciary duties towards the Company and its shareholders while providing information to various stakeholders</p>

	<p>concerning their performance as to how diligently and ethically they are discharging their fiduciary duties and responsibilities.</p> <p>In view of the preceding facts, I have concluded that although the pertinent provisions of the statute have been violated, however, considering the submissions of the Respondents and subsequent compliance by virtue of filing of interim financial statements for the period ended September 30, 2018 with the Commission as well as dissemination through the Pakistan Stock Exchange on May 12, 2020, I hereby conclude the proceedings with an advice to the Respondents reminding them of their fiduciary duties and responsibilities towards all stakeholders, and to ensure that such mechanisms are in place and appropriate actions are taken whereby financial and operational reporting of the Company is timely achieved, whilst ensuring due compliance of the law.</p>
6. Penalty Imposed	No penalty imposed on the Respondents.
7. Current Status of Order	No Appeal has been filed by the Respondents.

Redacted version issued for placement on website of the Commission.