

**Before Amir Saleem – Additional Director/Head of Wing**

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

Date of Hearing:

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:

<b>Nature</b>	<b>Details</b>									
1. Date of Action	Show cause notice dated June 21, 2021									
2. Name of Company	K-Electric Limited									
3. Name of Individual*	The proceedings were initiated against the Board of Directors including the chief executive officer of the Company.									
4. Nature of Offence	<p>Brief facts of the case are that the Company failed to electronically transmit its interim financial statements for the following periods with the Commission within the stipulated time pursuant to Section 237 of the Act:</p> <table border="1" style="margin-left: auto; margin-right: auto;"><thead><tr><th style="text-align: center;"><b>Quarter</b></th><th style="text-align: center;"><b>Period ended</b></th><th style="text-align: center;"><b>Filing due on</b></th></tr></thead><tbody><tr><td style="text-align: center;">2<sup>nd</sup></td><td style="text-align: center;">December 31, 2019</td><td style="text-align: center;">February 29, 2020</td></tr><tr><td style="text-align: center;">3<sup>rd</sup></td><td style="text-align: center;">March 31, 2020</td><td style="text-align: center;">April 30, 2020</td></tr></tbody></table> <p>The directors, chief executive and chief financial officer of the Company contravened the provisions of Section 237 of the Act by failing to electronically transmit the afore-mentioned quarterly and half-yearly accounts with the Commission within the stipulated time.</p>	<b>Quarter</b>	<b>Period ended</b>	<b>Filing due on</b>	2 <sup>nd</sup>	December 31, 2019	February 29, 2020	3 <sup>rd</sup>	March 31, 2020	April 30, 2020
<b>Quarter</b>	<b>Period ended</b>	<b>Filing due on</b>								
2 <sup>nd</sup>	December 31, 2019	February 29, 2020								
3 <sup>rd</sup>	March 31, 2020	April 30, 2020								
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 concerning their performance as to how diligently and ethically they are discharging their fiduciary duties and responsibilities.</p>									

	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 for the periods ended December 31, 2019 and March 31, 2020 with the Commission as well as dissemination through the Pakistan Stock Exchange on September 4, 2020 and November 5, 2020 respectively, 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.
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.**