



# SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

## Adjudication Department-I

### Adjudication Division

ORDER	
Name of Company:	<b>M/s. Prudential Insurance Brokers (Pvt) Limited</b>
Show Cause Notice No. & Date:	No. ID/Enf/PIBL/2025-281 dated March 26, 2025
Name(s) of Respondent(s):	(i) Mr. Darius Hormusji Sidhwa, Chief Executive Officer; (ii) Mr. Muhammad Ilyas, Director (iii) Mr. Hussain, Company Secretary (iv) M/s. Prudential Insurance Brokers (Pvt) Limited
Date(s) of Hearing(s):	May 5, 2025
Case Represented by:	(i) Mr. Hussain, Company Secretary; and (ii) Mr. Muhammad Ahmed Siddiqui, Counsel for the Respondents <i>(the Authorised Representatives)</i>
Provision of Law Involved:	Section 132(1) of the Companies Act, 2017 and Section 158(2) read with Section 169 and Section 479 thereof
Date of Order:	May 13, 2025

This Order shall dispose of the proceedings initiated by the Securities and Exchange Commission of Pakistan (the “Commission”) through Show Cause Notice No. ID/Enf/PIBL/2025-281 dated March 26, 2025 (the “SCN”) against M/s. Prudential Insurance Brokers (Pvt) Limited (the “Company”), its Board of Directors and the Company Secretary, hereinafter collectively referred to as the “Respondents”, issued under Section 132(1) of the Companies Act, 2017 (the Act) and Section 158(2) read with Section 169 and Section 479 thereof.

2. Brief facts of the case are that the Company, in terms of the requirement of Section 132(1) of the Act, was required to hold its Annual General Meeting (the “AGM”) for the financial year ended December 31, 2023 (FY 2023) within a period of one hundred and twenty (120) days following the close of its aforesaid financial year. However, review of the relevant record of the Commission revealed that AGM of the Company for FY 2023 was held on September 5, 2024 i.e. with a delay of 128 days which, *prima facie*, constituted contravention of Section 132(1) of the Act.

3. It has been further noted that last election of directors of the Company was held on December 17, 2021 and accordingly the three (3) years’ term of the directors expired on December 16, 2024. However, the retiring directors failed to take immediate steps to hold fresh election of directors and also failed to submit an impediment report to the registrar within the prescribed time of forty five (45) days before the due date as per the requirement of Section 158(2) of the Act.

4. The relevant provisions of law are reproduced hereunder:

“132. Annual general meeting.—(1) Every company, shall hold, an annual general meeting within sixteen months from the date of its incorporation and thereafter once in every calendar year within a period of one hundred and twenty days following the close of its financial year...

.....  
(5) Any contravention or default in complying with requirement of this section shall be an offence liable—  
(a) in case of a listed company, to a penalty of level 2 on the standard scale...”

“158. Retirement of first and subsequent directors.—

(1) All directors of the company— (a) on the date of first annual general meeting; or (b) in case of subsequent directors on expiry of term of office of directors mentioned in section 161, shall stand retired from office and the directors so retiring shall continue to perform their functions until their successors are elected.

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(2) The directors so continuing to perform their functions shall take immediate steps to hold the election of directors and in case of any impediment report such circumstances to the registrar within forty-five days before the due date of the annual general meeting or extra ordinary general meeting, as the case may be, in which elections are to be held: Provided that the holding of annual general meeting or extra ordinary general meeting, as the case may be, shall not be delayed for more than ninety days from the due date of the meeting or such extended time as may be allowed by the registrar, for reasons to be recorded, only in case of exceptional circumstances beyond the control of the directors, or in compliance of any order of the court."

5. The relevant department of the Commission vide email dated February 24, 2025 took up the matter with the Company for seeking its explanation in the aforesaid matter. The Company vide email dated February 25, 2025 made the following submissions in the matter:

- (i) *The delay was due to decision of the Company to align elections of directors with the AGM to be held in the year 2025 for administrative convenience.*
- (ii) *The Company has been facing difficulties in audit of its financial statements for FY 2023, which led to a delay in conducting AGM for FY 2023 as well as in subsequent regulatory filings.*

6. The aforesaid reply of the Company was not found cogent. Therefore, taking cognizance in the instant matter, SCN was served on the Respondents to show the cause in writing within 14 days date of SCN as to why a penal action may not be taken against them for contravening the aforesaid provisions of the law. However, no written response was submitted by the Respondents despite expiry of the stipulated time.

7. In order to provide the Respondents an opportunity of personal representation and to meet the ends of justice, a hearing in the matter was fixed for May 05, 2025. The hearing was attended by Mr. Hussain (Company Secretary) and Mr. Muhammad Ahmed Siddiqui (Counsel for the Respondents) as the Authorised Representatives of the Respondents (**the Authorised Representatives**). During the hearing proceedings, the Authorised Representatives made the following submissions and arguments:

- (i) *AGM of the Company for FY 2023 could not be held within due date as audit of its accounts for FY 2023 was delayed. Upon completion of the audit, AGM was held on September 5, 2024.*
- (ii) *Term of office of the existing Directors of the Company expired on December 16, 2024 and election of the Directors of the Company was deferred until the next AGM.*
- (iii) *The Authorised Representatives admitted the contraventions of the requirements of the law in respect of holding of AGM as well as those of election of directors and requested for a lenient view in the matter.*
- (iv) *The Authorised Representatives were advised to submit evidence of taking up the matter of delay in audit with the Auditor by the management of the Company along with a copy of*
- (v) *Notice of AGM for FY 2023.*

8. Subsequent to the hearing, the Respondents vide letter dated May 05, 2025 submitted written response to the SCN, the relevant extracts of which are summarized as under:

- (i) *The registered office of the Company was relocated in the year 2024 and most of the staff remained busy in the shifting process; hence, the financial statements of the Company for FY 2023 could not be prepared on time, resulting in initiation of delay of audit of the financial statements. (certified true copy of Form 21 evidencing the change in registered office address of the Company submitted to substantiate the claim).*
- (ii) *It took further time to complete the audit of financial statements due to which AGM for FY 2023 could not be held on time.*
- (iii) *The aforesaid facts were communicated to the SECP during submission of the documents for renewal of license of the Company for the year 2024-25*

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- (iv) *In the past, the Company has a consistent record of holding elections of directors on timely basis.*
- (v) *Election of directors of the Company, which became due in December 2024, was also held on time. However, Form 9 for notifying re-appointment of directors was not submitted and the same would be filed with the registrar in May 2025.*

9. I have examined the facts of the case in light of the applicable provisions of the law and considered the written as well as verbal submissions and arguments of the Respondents/their Authorised Representatives and observed as under:

- (i) In terms of Section 132(1) of the Act, every company is required to hold its AGM once in every calendar year within a period of one hundred and twenty days (120) following the close of its financial year. Accordingly, it was obligatory on part of the Company to hold its AGM for FY 2023 by April 30, 2024. Though, the Company has held its AGM for FY 2023 with a delay of 128 days i.e. on September 5, 2024; however, the subsequent compliance of the given requirements of sub-section (1) of Section 132 of the Act does not exonerate the Respondents from its obligations, as stated above
- (ii) The holding of an AGM is a fundamental statutory requirement as it provides members with an opportunity to participate in discussion and decision-making process and vote on agenda items, including the consideration and approval of the company's financial statements. In order to ensure transparency and good corporate governance, the Company is required to meticulously adhere to the provisions of law in respect of holding of AGM in true letter and spirit and the Respondents, cannot absolve themselves from their statutory duties pertaining to holding of AGM in a timely manner.
- (iii) The change in registered office address of the Company and shifting process cannot be considered as a cogent reason for delay in fulfilling the statutory obligations of the Company pertaining to holding of AGM. It is the responsibility of the Company that an effective plan be made well in advance and implement the same to address such circumstances of change in the registered office address in order to ensure that the AGM could be held within the prescribed timeframe.
- (iv) In terms of Section 158(1) of the Act, upon expiry of their three year's term on December 16, 2024, all the directors of the Company stood retired and they would continue to perform their functions until their successors are elected. However, the provisions of Section 158(2) the Act necessitate that the retiring directors shall take immediate steps to hold elections within ninety (90) days of the due date of the meeting and, in case of any impediment, report such circumstances to the registrar at least forty-five (45) days prior to due date of the general meeting. The Company has evidently failed to comply with the foregoing statutory requirements of the law so far.
- (v) It is observed that during the hearing proceedings, the Authorised Representatives took a clear stance that until now, no EOGM was held for conducting election of directors of the Company as the Company was planning to hold the same in the next AGM. Earlier, the Authorised Representative vide email dated January 20, 2025 to the Commission also took that the same stance that election of directors was not held in December 2024 as the Company intends to align the date of election with the upcoming AGM to be held in the year 2025. However, subsequent to the hearing, the Authorised Representative, revisiting his earlier stance, has stated vide email dated May 7, 2025 that "*the election of directors of the company due in December 2024 was held on time. However, Form 9 regarding the re-appointment of directors was not filed. The Company will file Form 9 in the month of May 2025*". In this regard, it is noted that the Respondents did not contest the alleged violation of failure in holding election of directors within due date till the

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time the hearing proceedings were concluded. During the hearing, the Authorised Representatives confirmed the same stance while giving their defence against failure in holding election of directors. Subsequent to the hearing, the Company Secretary surprisingly made a claim vide email dated May 7, 2025 that election of direction was held in timely manner. However, the Respondents have not substantiated their claim through credible documentary evidence such as Notice of EOGM, certified copy of minutes of EOGM, duly signed attendance sheet, and filing and acceptance of Form 9 for this purpose. Thus, the said claim remains unsubstantiated and it is established that the Company has failed to provide any evidence of holding election of directors within the due date. Therefore, the contravention of the requirements of Section 158(2) of the Act is established.

10. In view of the above, I am of the considered view that failure to hold the AGM for FY 2023 within the prescribed timeframe has resulted in established contravention of the requirements of sub-section (1) of Section 132 of the Act, which attracts penal action in terms of sub-section (5) of Section 132 of the Act read with Section 479 thereof. However, due consideration has also been given to the fact that the Company has held its delayed AGM for FY 2023 on September 5, 2024 i.e. prior to the date of issuance of the SCN. Moreover, the failure to conduct the election of directors within the timeline stipulated under sub-section (2) of Section 158 of the Act constitutes a clear breach of the law, attracting penal consequences under Section 169 of the Act read with Section 479 thereof. I, therefore, in exercise of the powers conferred upon me under sub-section (5) of Section 132 and Section 169 of the Act vide S.R.O. 1545(I)/2019 dated December 06, 2019, hereby, conclude the instant proceedings with:

- i) a strict WARNING to the Respondents in respect of the violation of Section 132(1) of the Act with an advice to ensure meticulous compliance with the provisions of Section 132 of the Act, in future; and
- ii) an aggregate penalty of **Rs. 25,000/- (Rupees Twenty Five Thousand only)** on the Respondents on account of default of Section 158(2) of the Act in the following manner:

S.No.		Penalty Amount (Rupees)
1.	Mr. Darius Hormusji Sidhwa, CEO	5,000/-
2.	Mr. Muhammad Ilyas, Director	5,000/-
3.	Mr. Hussain, Company Secretary	5,000/-
4.	M/s. Prudential Insurance Brokers (Pvt) Limited	10,000/-
	<b>Total Amount</b>	<b>25,000/-</b>

11. The Respondents are hereby directed to deposit the aforesaid fine in the designated bank account maintained in the name of Securities and Exchange Commission of Pakistan with MCB Bank Limited or United Bank Limited within thirty (30) days from the date of this Order and furnish receipted voucher issued in the name of the Commission for information and record forthwith. In case of failure to deposit the penalty, the proceedings will be initiated for recovery of the fines as arrears of land revenue pursuant to provisions of Section 42B of the Securities and Exchange Commission of Pakistan Act, 1997.

  
1-13-05-2025

**Sohail Qadri**  
Director / Head of Department  
Adjudication Department-I

**Announced:**  
May 13, 2025  
Islamabad.

Order in the matter of Prudential Insurance Brokers (Pvt) Ltd., its Board of Directors and the Company Secretary,  
dated May 13, 2025