



Securities and Exchange Commission of Pakistan

Adjudication Division Adjudication Department-I

Before

Amir M. Khan Afridi, Director/Head of Department

In the matter of

Arshad Energy Limited

Dates of Hearing

September 01, 2021

Order-Redacted Version

Order dated September 27, 2021 was passed by Director/Head of Department (Adjudication-D) in the matter of Arshad Energy Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated July 5, 2021
2. Name of Company	Arshad Energy Limited
3. Name of Individual*	The proceedings were initiated against directors of the Company as board of directors was comprised of only six directors.
4. Nature of Offence	Section 154 of the Companies Act, 2017 (the Act) read with Sections 155, 169 and 479 of the Act
5. Action Taken	<p>Key findings were reported in the following manner:</p> <p>I have gone through the facts of the case, written submissions by the Respondents and arguments made by the Authorized Representative during the hearing proceedings. In this regard, it is stated that as per the available information, ****, independent director, of the Company resigned from the board of directors of the Company with effect from September 14, 2020. The Company through Form-A (annual return of company having share capital) which was filed upto October 28, 2020, and as per financial statements for the quarters ended December 31, 2020 and March 31, 2021 disclosed six directors on its board. The casual vacancy which resulted due to outgoing director was required to be filled within 90 days period i.e. latest by December 13, 2020. The Authorized Representative submitted that financial costs, closure of operations and COVID-19 caused delay in filling of casual vacancy. He also sought fifteen days time to fill the casual vacancy on the board of the directors. I am of the view, that for a listed company, the legal requirements of having at least seven directors is mandatory requirement and casual vacancy on the board is required to be filled within given 90 days period. The Respondents, however, failed to ensure compliance of the given requirements of Section 154 and Section 155 of the Act by not having at</p>



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	<p>least seven directors and by not filling the casual vacancy within 90 days period, and the default persisted from December 13, 2020. The Respondents also not submitted any evidence of subsequent compliance in order to substantiate their case.</p> <p>Keeping in view of the cited defaults of Sections 154 and 155 of the Act for which penalty is provided in terms of Section 169 of the Act, I, hereby in terms of powers conferred under Section 169 of the Act, impose a penalty of Rs. 180,000/- (Rupees one hundred and eighty thousand only) on the Respondents.</p> <p>The aforesaid fine must be deposited in the designated bank account maintained with MCB Bank Limited in the name of the Securities and Exchange Commission of Pakistan within thirty days of the date of this order and furnish receipted bank vouchers to the Commission. The fine shall be paid from personal resources. In case of non-deposit of the said penalty, proceedings under law including Section 485 of the Companies Act, 2017 will be initiated for recovery of the same as arrears of land revenue.</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 or violation of the Act.</p>
6. Penalty Imposed	A Penalty of Rs. 180,000/- (Rupees Fifty thousand only) was imposed on the Respondents.
7. Current Status of Order	No Appeal has been filed by the respondents.