**Before**

**Abid Hussain, Executive Director/ Head of Department**

**In the matter of Show Cause Notice issued to Pervez Ahmed Consultancy Services Ltd**

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| Dates of Hearing | May 21, 2022 |

**Order-Redacted Version**

Order dated September 23, 2022 was passed by Executive Director/Head of Department (Adjudication-I) in the matter of Pervez Ahmed Consultancy Services Limited. Relevant details are given as hereunder:

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| **Nature** | **Details** |
| 1. Date of Action | Show cause notice dated May 21, 2022 |
| 1. Name of Company | Pervez Ahmed Consultancy Services Limited |
| 1. Name of Individual | The proceedings were initiated against the Company’s board of directors. |
| 1. Nature of Offence | Proceedings were initiated in terms of Section 155 of the Companies Act, 2017 (**the Act**) read with Sections 169 and 479 thereof  Brief facts of the case are that the Company issued Notice of Annual General Meeting (AGM) dated October 05, 2021 (the Notice) scheduled for October 28, 2021. Election of directors was one of the items of the AGM as stated in the Notice. The number of directors was fixed as seven (7) and the seven (7) retiring directors filed their consent and offered themselves as contesters for the aforesaid election. However, the AGM scheduled for October 28, 2021 was adjourned due to lack of quorum and subsequently, AGM was held on November 04, 2021. The retiring directors, except Mr. \*\*\*\*\*, were deemed elected in the AGM held on November 04, 2021. Further, owing to the demise of Mr. \*\*\*\*\* on October 29, 2021, position of one (1) director could not be filled and so casual vacancy was created with effect from November 04, 2021. The Respondents were required to fill the casual vacancy within ninety (90) days i.e. by February 02, 2022. The Securities and Exchange Commission of Pakistan (the Commission) vide letter dated March 14, 2022 sought status of compliance with requirements of section 159 of the Act and number of directors elected in the aforesaid AGM. The Company vide letter dated March 19, 2022 stated that six (6) retiring directors were elected instead of seven (7) due to demise of Mr. \*\*\*\*\*. Further, review of the financial statements of the Company for the quarter ended March 31, 2022 transpired that the casual vacancy created was not filled as names of only six directors on the board of the Company were disclosed therein. |
| 1. Action Taken | Key findings were reported in the following manner:  I have gone through the facts of case and considered both the written and verbal submissions of the Respondents in light of the aforementioned legal provisions and record placed before me and state that as per the available record there was a casual vacancy as of November 4, 2021 and was required to be filled within ninety days i.e. February 02, 2022 and that it is mandatory for listed companies to have at least seven (7) directors on board to ensure compliance with section 154 of the Act. However, the Company filled in the casual vacancy with a delay of one hundred and thirty eight (138) days on June 21, 2022. The Respondents have acknowledged non-compliance of Section 155 of the Act with a plea that due to death of Mr. \*\*\*\*\* this situation was beyond our control and therefore lenient view in the matter may be taken.  It is stated that contravention of section 155 of the Act, at the relevant point of time, has been established and same has been admitted by the Respondents as well. However, keeping in view of the fact that Mr. \*\*\*\*\* died before the date of election and the fact that non-compliance has now been ratified, taking a lenient view, I, hereby close the case with warning to all directors to ensure meticulous compliance of the provisions of the law in 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. |
| 1. Penalty Imposed | **No penalty has been imposed on the respondents** |
| 1. Current Status of Order | No Appeal has been filed by the respondents. |