



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department- II

Adjudication Division

IN THE MATTER OF

M/S TRAVEL WIDE SERVICES (PRIVATE) LIMITED

UNDER SECTION 169 READ WITH SECTIONS 158 AND 161 OF THE COMPANIES ACT, 2017

Show Cause Notices	No. Adj-II/169/16/IAN-85/Onsite/2023-24 – 109 dated January 18, 2024	
Date on which hearing opportunity provided	Date	Attended by
	January 30, 2024	Adjourned on request of the Respondent (s)
	February 12, 2024	Adjourned on request of the Respondent (s)
	February 26, 2024	Mr. Jameel Hussain Qureshi (as Authorized Representative)
	June 6, 2024	Adjourned on request of the Respondent (s)
	August 27, 2024	No one appeared
	October 03, 2024	Mr. Jameel Hussain Qureshi (as Authorized Representative)

ORDER

This Order shall dispose of the proceedings initiated by the Securities and Exchange Commission of Pakistan (the '*Commission*') vide the Show Cause Notice No. Adj-II/169/16/IAN-85/Onsite/2023-24 – 109 dated January 18, 2024 (the '*SCN*') to the Directors of **M/s Travel Wide Services (Private) Limited** (the '*Company*') (collectively referred to as the '*Respondents*') under section 169 read with sections 158 and 161 of the Companies Act, 2017 (the '*Act*').

- The Company was incorporated with the Commission on June 09, 2006, as a private limited company under the repealed Companies Ordinance, 1984, now the Act. As per available record, Mr. Sheikh Abdul Quddus is the Chief Executive and Director of the Company while, Ms. Zahida Quddus and Ms. Amna Quddus are the Directors of the Company.
- The facts leading to the issuance of the Show Cause Notice (the '*SCN*') are that the Commission vide order dated May 05, 2023 conducted investigation into the affairs of the Company under section 256 of the Act.
- The investigation team in the Investigation Report dated October 24, 2023 (the '*Investigation Report*') had concluded that the retiring directors of the Company failed to take steps to hold the election of directors which was due on September 30, 2022 and also failed to report impediment to the registrar as required under Section 158 of the Act.
- Accordingly, SCN was issued to the Respondents calling upon them to furnish written submissions within ten (10) days of the date of the SCN to explain as to why penalty provided in section 169 of the Act may not be imposed on them.
- The respondents were provided several hearing opportunities as following:

Status of Attendance and Submissions at the Hearings:

January 30, 2024: The Company vide letter dated January 25, 2024 requested for extension for submission of written response and for another hearing opportunity.

February 12, 2024: On the day of hearing, Mr. Qureshi, who represented the Respondents sought adjournment again.

February 26, 2024: This hearing was attended by Mr. Qureshi on behalf of the Respondents as their Authorized Representative. During the hearing, Mr. Qureshi submitted the written response and informed that due to pending



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Adjudication Division Adjudication Department - II

Continuation Sheet - I -

litigation in the Honorable Islamabad High Court (the "Court Case") regarding the dispute of shareholding of Mr. Summer Abbas in the Company, the Board of Directors (BOD) decided that due to pendency of the case, decision of elections/appointments will be taken after consultation with Legal Counsel. Accordingly, after due discussion with the legal counsel, the BOD conducted the meeting on 30-09-2023 and the directors and the CEO were re-elected for the next three years.

Further, the Authorized Representative was asked whether the applicable statutory returns (Form-28, 29, A) were filed with the Registrar concerned to record the election of directors conducted by the Company, to which he replied that the relevant forms have not been submitted due to the reason that the Registrar concerned refuses to submit their forms due to pendency of court case regarding transfer of shares, as aforementioned. Later on, vide letter dated March 04, 2024 signed by the CEO, it was informed that the Company tried to file the applicable statutory returns with the Registrar concerned however, the same were not accepted by him stating that due to pendency of the Court Case, the Company could not file returns. This fact was confirmed by the Registrar's office through email dated January 06, 2025.

7. Meanwhile, the Commission on June 15, 2024 announced Companies Regularization Scheme, 2024 ('CRS') whereby an opportunity was provided to companies to rectify the defaults of statutory non-filings up to September 15, 2024. The scheme (CRS) was further extended till November 15, 2024. The hearing proceedings were put on hold due to CRS. After conclusion of the CRS, another hearing opportunity was provided to the Respondents scheduled on December 18, 2024 against which the CEO sought adjournment.

Issue to be determined:

8. It was alleged through the SCN that the retiring directors of the Company failed to take steps to hold the election of directors due on September 30, 2022 and also failed to report to the registrar of the impediment, as provided in Section 158 of the Act, *prima facie*, resulting in alleged violations of section 158 of the Act. In order to arrive at a decision, the facts of the case; record of the Company; documents available with the Commission including findings of the investigation team and relevant provisions of law have been considered. Before analyzing the matter further, it is appropriate to discuss the relevant provisions of law on the subject-matter and reproduce the same hereunder:

Legal Framework:

9. In terms of section 161 read with section 158(1) of the Act, elected directors of a company shall hold office for a period of three years and shall stand retired on expiry of the said term. Further, in terms of section 158(2) of the Act, the retiring directors shall continue to perform their functions until their successors are elected. The directors so continuing to perform their functions are required to 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 date of the annual general meeting or extra ordinary general meeting, as the case may be, in which elections are to be held. The relevant parts of section 158 and 161 of the Act are reproduced below for ease of reference:

Section 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.

(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



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Adjudication Division Adjudication Department - II

Continuation Sheet - 2 -

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.

(3) The registrar, may on expiry of period as provided in sub-section (2), either—

- a. on its own motion; or*
- b. on the representation of the members holding not less than one tenth of the total voting powers in a company having share capital; or*
- c. on the representation of the members holding not less than one tenth of the total members of the company not having share capital of the company, directs the company to hold annual general meeting or extra ordinary general meeting for the election of directors on such date and time as may be specified in the order.*

(4) Any officer of the company or any other person who fails to comply with the direction given under sub-section (3) shall be guilty of an offence liable to a fine of level 2 on the standard scale.

161. Term of office of directors. — *(1) A director elected under sections 159 or 162 shall hold office for a period of three years unless he earlier resigns, vacates office due to fresh election required under section 162 as the case may be, becomes disqualified from being a director or otherwise ceases to hold office:*

169. Penalties. - *Whoever contravenes or fails to comply with any of the provisions of sections 154 to 168 or is a party to the contravention of the said provisions shall be liable to a penalty of level 2 on the standard scale and may also be debarred by the authority which imposes the penalty from becoming or continuing a director of the company for a period not exceeding three years.*

Analysis of the issue:

10. In order to ascertain whether the alleged violation of section 158 of the Act has been established or not, following points are to be noted:

- a) It is important to note that the allegations raised vide the instant SCN were the failure of the Respondents to take steps to hold the election of directors in a timely manner i.e. on September 30, 2022 and in case the Respondents were unable to hold the elections, they had to report the impediment to the Registrar as per the requirements of section 158 of the Act, which they failed to do.
- b) The Respondents vide the response dated February 26, 2024 have submitted that the BOD conducted the election of directors on September 30, 2023 i.e. with a delay of one year. Thus, the Respondents have admitted the delay in holding election of directors. The reason mentioned by the Respondents in the minutes of the AGM dated September 30, 2022 i.e. "pendency of the court case" cannot be accepted as a valid reason for not holding the elections as the BOD subsequently held the elections on September 30, 2023 during the pendency of the Court Case. This shows that the pendency of the Court Case could not hinder the process of election of directors due on September 30, 2022 as apparently, no stay was placed on file which could hinder the Respondents to hold the election of directors in due time.



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Adjudication Division Adjudication Department - II

Continuation Sheet - 3 -

- c) Further, the Respondents also failed to report the impediment to the Registrar in holding the election of directors as per the requirement of section 158 (2), thus the related violation under section 158 (2) of the Act also stands established.
- d) After the hearing held on February 26, 2024 and as per the response submitted by the Company vide letter dated March 04, 2024, it was stated that the Registrar concerned did not accept any returns filed by the Company including the return required to be submitted post the election of the directors due to the Court Case as aforementioned. In this regard, it is pertinent to mention here that although the filing of statutory returns after the election of directors is a statutory requirement and a matter related to the election of directors, the same was not the allegation raised vide the instant SCN. The allegations raised vide the SCN were as per para 10(a) above which stand established as per the foregoing.

Decision:

11. In view of the foregoing, it is established that the Respondents failed to take steps to hold the election of directors due on September 30, 2022 and also failed to report to the registrar of the impediment, as provided in Section 158 of the Act, resulting in violations of section 158 of the Act.

12. I, therefore, in exercise of the powers under section 158, 161 read with section 169 of the Act, delegated to the undersigned vide S.R.O. 129 (I)/2020 dated 6th December, 2019 hereby impose the penalty on each of the Respondents as following:

Penalty			
Imposed on	Amount (Rs.)	Imposed under section	Description
Mr. Sheikh Abdul Quddus (CNIC No. 61101-2111008-1), Chief Executive Officer (CEO).	20,000/-	169 of the Act.	For violation of section 158 of the Act.
Ms. Zahida Quddus (CNIC No. 61101-2120421-2), Director.	20,000/-	169 of the Act	For violation of section 158 of the Act
Ms. Amna Quddus (CNIC No. 61101-1951234-4), Director.	20,000/-	169 of the Act	For violation of section 158 of the Act
Total	60,000/-		

13. The CEO and the Directors as mentioned above are directed to deposit the aforesaid penalties in the account of the Commission being maintained in the designated branches of MCB Bank Limited or United Bank Limited within 30 days of the receipt of this Order and furnish Original Deposit Challan to this office.

14. This order is being issued without prejudice to any other action that the Commission may initiate against the Company in accordance with the law on matters subsequently investigated or otherwise brought to the knowledge of the Commission.

(Hammad Javed)

**Additional Director / Head of Department
Adjudication Department-II**

Announced: February 19, 2025