



Securities and Exchange Commission of Pakistan

Adjudication Division Adjudication Department-I

Before Amir M. Khan Afridi, Director/HOD (Adjudication-I)

In the matter of Show Cause Notice issued to Colony Textile Mills Limited

Dates of Hearing

April 29, 2021

Order-Redacted Version

Order dated June 3, 2021 was passed by Director/Head of Department (Adjudication-I) in the matter of Colony Textile Mills Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated April 2, 2021
2. Name of Company	Colony Textile Mills Limited
3. Name of Individual*	The proceedings were initiated against the Company i.e. Colony Textile Mills Limited and its board of directors.
4. Nature of Offence	Proceedings were initiated under Sections 166, Section 169 and Section 479 of the Companies Act, 2017 as one of the independent director was not from the databank maintained by an institute notified by the Securities and Exchange Commission of Pakistan.
5. Action Taken	<p>Key findings were reported in the following manner:</p> <p>I have examined the facts of the case, submissions made in writing as well as during the hearing proceedings. I am of the view that it is mandatory to have independent directors from databank maintained by an institute notified by the Commission i.e. PICG. The Company failed to comply with the provisions of Section 166 of the Act by not appointing the independent director from PICG's databank, which attracts applicability of Section 169 of the Act. Hence, I am of the view that stance taken for non-compliance with the aforesaid requirements of Section 166(1) of the Act is not acceptable as default persisted since election of directors till registration of his name with PICG databank. I, therefore impose penalty of Rs. 50,000/- (Rupees Fifty Thousand) on the Company.</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> <p>Penalty order dated June 3, 2021 was passed by Director (Adjudication-I).</p>
6. Penalty Imposed	A Penalty of Rs. 50,000/- (Rupees Fifty Thousand) was imposed on the Company.
7. Current Status	No Appeal has been filed by the Respondents till date.