



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department-I

Adjudication Division

ORDER	
Name of Company:	Nagina Cotton Mills Limited
Show Cause Notice No. & Date:	CSD/ARN/68/2025/269 dated March 25, 2025
Name(s) of Respondent(s):	(i) Mr. Shahzada Ellahi Shaikh, Chairman/Non-Executive Director (ii) Mr. Naweed Akhter Sharif, Independent Director (iii) Mr. Shafiq ur Rehman, Independent Director (iv) Ms. Tosheeba Sarwar, Independent Director (v) Mr. Hasan Ahmad, Non-Executive Director (vi) Mr. Shafqat Ellahi Shaikh, Non-Executive Director (vii) Mr. Raza Ellahi Shaikh, Non-Executive Director (viii) Mr. Haroon Shahzada Ellahi Shaikh, Non-Executive Director (ix) Mr. Shaukat Ellahi Shaikh, Executive Director (x) Mr. Amin Ellahi Shaikh, Executive Director
Date(s) of Hearing(s):	April 21, 2025
Case represented by:	Mr. Shafiq ur Rehman, (as the Authorized Representative)
Provision of law involved:	Circular No. 10 of 2024 dated April 17, 2024 read with Section 510 of the Companies Act, 2017.
Date of Order:	April 21, 2025

This Order shall dispose of the proceedings initiated by the Securities and Exchange Commission of Pakistan (the "Commission") through the Show Cause Notice No. CSD/ARN/68/2025/269 dated March 25, 2025 ("SCN") against Board of Directors ("BoD") of Nagina Cotton Mills Limited (the "Company"), hereinafter collectively referred to as the "Respondents", for contravention of the requirements of Circular No. 10 of 2024 dated April 17, 2024 (the "Circular") read with Section 510 of the Companies Act, 2017 (the "Act").

2. The Commission vide the above referred Circular, directed the BoDs of the listed companies to prepare and include, in the annual reports for the financial years ending on or after June 30, 2024, a statement on gender pay gap and also make it available on their respective website; where the violation of the Circular attracts penal action in terms of sub-section (2) of Section 510 of the Act. The relevant provisions of the Act are hereunder:

"510. Power to issue directives, circulars, guidelines.—(1) The Commission may issue such directives, prudential requirements, codes, guidelines, circulars or notifications as are necessary to carry out the purposes of this Act and the rules and regulations made under this Act.

(2) Any person, who obstructs or contravenes or does not comply with any directive, prudential requirements, codes, circulars or notifications, given under this section shall be liable to a penalty of level 3 on the standard scale."

3. The review of the Annual Report of the Company for the year ended June 30, 2024 revealed that it has failed to include gender pay-gap disclosure in the same and has also failed to make the statement available on the Company's website as per requirement of the Circular. In order to probe the matter, the Commission vide letter dated February 13, 2025 sought clarification from the Company with regards to the aforesaid non-compliances, for which the Company in its response vide letter dated March 06, 2025, submitted that they regret the omission and it was inadvertently overlooked, and that now they have made the disclosure available on the Company website.

Handwritten signature and date: 21-04-2025

4. Taking cognizance of the alleged violation of law, SCN was served upon the Respondents on March 25, 2025 to show the cause in writing as to why a penal action may not be taken against them for non-compliance of the requirements of the Circular. In response to SCN, the Company vide letter dated April 04, 2025 on behalf of the Respondents *inter alia* made the following submissions:


- (i) The Company inadvertently missed to include the specific disclosure as required by the Circular due to unintentional oversight.
- (ii) The oversight did not cause any adverse impact on shareholders or stakeholders. They remain fully committed to uphold all regulatory requirements and the Company took immediate corrective action and made the disclosure available on its website.
- (iii) The Company requested to condone the SCN, considering the inadvertent nature of the omission and on their commitment to future compliance.

5. In order to provide an opportunity of being heard to the Respondents, hearing in the matter was fixed for April 21, 2025; which was attended by Mr. Shafiq ur Rehman as the “**Authorized Representative**” on behalf of all the Respondents. The Authorized Representative during the hearing reiterated the earlier furnished response to SCN and, *inter-alia*, submitted that:

- (i) This was a new circular and matter of a first-time compliance. Therefore, a lenient view is requested.
- (ii) The website was promptly updated with the disclosure; accordingly incorporating the required gender pay gap disclosure as per the Circular. The nature of work is labor intensive therefore, male work force is prevalent and the females employed are working in secretarial roles.
- (iii) Authorized Representative, in view of the instructions issued by the Authorized/Adjudicating Officer during the hearing, assured to discuss the criticality of the matter in the next Board Meeting to duly sensitize the members in respect of the same.

6. I have gone through the Circular, relevant provisions of Section 510 the Act and considered the facts of the case, as well as written and verbal submissions made by the Respondents through the Authorized Representative. It is important to observe here that the gender pay gap is a persistent issue that requires ongoing attention from organizations, businesses, and society as a whole. In simple terms, the gender pay gap is the difference in average gross hourly earnings between women and men, who are employed for similar job roles in any organization where disclosure of such information and becoming sensitized on the issue is part of an overall effort to inculcate fairness and environment of equal opportunities.

7. In light of the foregoing, the subsequent partial compliance achieved by the Company by placing the disclosure on its website and its assurance of taking up the matter in the next BoD meeting; the Company has shown a positive approach in respect of realizing the importance of gender pay-gap. Moreover, I have also considered the assurance provided by the Authorized Representative on behalf of the Respondents for exercising greater vigilance in adhering to the legal/regulatory requirements in future. I, therefore, in exercise of powers conferred upon me under Section 510(2) of the Act read with S.R.O. 1545(I)/2019 dated December 6, 2019, hereby conclude the instant proceedings with a strict **WARNING** to the Respondents. The Respondents are also advised to ensure meticulous compliance with all applicable laws in the future.


1- 21/04/2025
Sohail Qadri
Director/ HOD
Adjudication Department-I

Announced:
Dated: April 21, 2025
Islamabad