



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department- I

Adjudication Division

Say No to Corruption

Before

Shahzad Afzal Khan, Director/Head of Department (Adjudication-I)

In the matter of

Mr. Nadeem Maqbool

Number and date of Show Cause Notice (SCN)	No.2(452)SMD/Adj-1/2024 Dated: March 14, 2024
Date(s) of Hearings:	May 16, 2024
Present at the Hearing:	i. Mr. Javed Panni (Consultant)

ORDER

UNDER SECTION 109(2) READ WITH SECTION 126(3) OF THE SECURITIES ACT, 2015 READ WITH REGULATION 4(1) OF THE LISTED COMPANIES (SUBSTANTIAL ACQUISITION OF VOTING SHARES AND TAKEOVERS) REGULATIONS, 2017

This Order shall dispose of the proceedings initiated against Mr. Nadeem Maqbool (**the Acquirer**) through Show Cause Notice No.2(452)SMD/Adj-1/2024 dated March 14, 2024 (**the SCN**) issued under Section 109(2) of the Securities Act, 2015 (**the Act**) read with regulation 4(1) of the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2017 (**the Regulations**).

2. Brief facts of the case are that Crescent Fibers Limited (**the Target Company**) made announcement dated February 22, 2024 on Pakistan Stock Exchange (**PSX**) under clause 5.6.1(d) of the PSX Rulebook, wherein, the Target Company has disclosed that Mr. Nadeem Maqbool (**the Acquirer**) who is non-executive director of the Target Company has acquired 166,099 voting shares of the Target Company on February 01, 2024 via gift from his spouse namely Nazia Maqbool.

3. As per pattern of shareholding provided in annual audited financial statements of the Target Company for the year ended June 30, 2023, the Acquirer was holding 1,140,732 voting shares constituting 9.19% of the total outstanding voting shares of the Target Company i.e. 12,417,876 shares. Moreover, subsequent to acquisition of shares via gift on February 01, 2024 cumulative shareholding of the Acquirer in the Target Company increased from 9.19% to 10.52%, details tabulated as under:

Description	No. of Shares	Percentage
Shareholding of the Acquirer as of June 30, 2023	1,140,732	9.19%
Shares Acquired via gift from Nazia Maqbool (Spouse) on February 01, 2024	166,099	1.34%
Shareholding of Nadeem Maqbool subsequent to acquisition of shares via GIFT	1,306,831	10.52%
Total issued Voting Shares	12,417,876	100.00%



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4. The aforesaid transaction executed on February 01, 2024 falls under the exempted transaction in terms of Section 109(1)(h)(i) of the Act i.e. acquisition pursuant to inter se transfer of shares amongst qualified persons, being relatives. Whereas, in terms of Section 108(g) of the Act, the term "relative" means spouse, real and half siblings and their children, and lineal ascendants and descendants

5. In terms of Section 109(2) of the Act read with regulation 4(1) of the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2017 (**the Regulations**), the Acquirer was required to make a disclosure of acquisition of voting shares pursuant to Section 109 of the Act to the Target Company, the Securities Exchange and the Securities and Exchange Commission of Pakistan (the Commission) containing the information as prescribed in Schedule II of the Regulations within two working days of such acquisition. However, it was observed that no such disclosure was made by the Acquirer after acquisition of **1,306,831(10.52%)** voting shares of the Target Company on **February 01, 2024**.

6. The relevant department of the Commission vide letter dated February 28, 2024 sought clarification/ explanation from the Acquirer on the aforesaid non-compliance of the Act and the Regulations. In this regard, the Acquirer responded to the Department vide letter dated March 04, 2024, which may be summarized as under:

"I wish to inform you that I have acquired 166,099 shares of Crescent Fibers Limited through gift from my wife which is 1.34% of the total paid up capital of the Company. Since, SECP portal was not responding off and on, out due to upgradation of EServices to EZfile, FORM-6 in respect to change in beneficial ownership was filed late. Filing of requisite Form was made on February 23, 2024"

7. The aforementioned stance taken by the Acquirer was not found tenable keeping in view the explicit requirements under Section 109(2) of the Act read with regulation 4(1) of the Regulations. The said contraventions of the law attract penal provisions provided in Section 126(3) of the Act.

8. While taking cognizance of the contraventions, the SCN was served on the Acquirer calling upon it to explain reason for the aforesaid contravention. In order to provide the Acquirer, opportunity of personal representation, hearing in the matter was fixed for May 16, 2024. On the date of hearing, Mr. M. Javed Panni (Consultant) appeared before the undersigned on behalf of the Acquirer as its Authorized Representative (**the Representative**). During the hearing proceedings, the Authorized Representative made its submission provided as under:

- i. *The Respondent admitted that the default was due to an inadvertent oversight and the requisite disclosure under Section 109(2) of the Act will be filed sooner and its copy will be provided.*
- ii. *The Respondent has not made any such default in the past as it was the very first transaction within the family.*
- iii. *Even though the requisite disclosure was not made in time, however, the Respondent has not accrued any benefit from such transaction or non-disclosure.*

9. Subsequent to the hearing proceedings, the Acquirer, via its Consultant letter dated May 16, 2024 provided written reply to the SCN submitted as under (relevant extract):

"(i) Mr. Nadeem Maqbool had acquired 166,099 shares of the Company through gift deed from his spouse on February 01, 2024.



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(ii) *This transaction was under the exempted transactions in terms of section 109(1)(h)(i) of the Securities Act, 2015 (the Act).*

Under section 109(2) of the Act read with Regulation 4(1) of Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2017, Mr. Nadeem Maqbool was required to make a disclosure of acquisition to Crescent Fibres Limited, PSX and SECP within two working days of the acquisition which he had inadvertently missed to report.

(iii) *The return of change in the beneficial ownership (Form-6) was filed with the Commission on February 23, 2024 as per requirement under the Act. The delay in this filing of the return has been primarily due to the fact that SECP portal was not responding off and on due to upgradation. From eServices to eZfile. Compliance of reporting on Form-6 has been duly made.*

(iv) *Non-reporting of the information to the Company, PSX and SECP as per requirement of the Act/Regulations was an inadvertent omission. This was an honest omission and not at all willful. Further no material benefit has been derived or accrued to Mr. Nadeem Maqbool on this account.*

PRAYER

In light of the above submissions, it is prayed that the inadvertent default, being not willful, may kindly be condoned."

10. The Respondent via Consultant email dated May 28, 2024 also informed that it has made the disclosure under Section 109(2) of the Act read with regulation 4(1) of the Regulations dated May 23, 2024 and also provided a copy of the disclosure with its email. The disclosure was made with a delay of approx. 78 days.

11. I have gone through the facts of the case and considered the verbal submissions of the Acquirer and its Representative in light of the applicable provisions mentioned in the preceding paras and the available record and I have the following question posed before me to take a decision in the matter:

i. Is there any significant impact of the delay in disclosure in terms of Section 109(2) of the Act read with Regulation 4(1) of the Regulations?

The transaction in question was a family transaction, specifically a gift of shares from the Acquirer's spouse. As submitted in its reply, the Acquirer did not accrue any financial benefit from the transaction or from the delayed disclosure. The transfer of shares was a personal matter within the family and did not involve any monetary consideration or profit. Given the nature of the transaction, there was no material impact on the market or on other shareholders.

The transfer of 166,099 shares from the Acquirer's spouse was a personal, intra-family transaction. This transfer of shares and do not signal any strategic changes or corporate actions to the market but rather seen as a private arrangement between the parties.

Prior to the transaction, the Acquirer held 1,140,732 shares, constituting 9.19% of Crescent Fibres Limited's total outstanding shares. Post-acquisition, his holding increased to 1,306,831 shares, representing 10.52%. This marginal increase did not alter the control structure of the company, as he remained a non-executive director without any shift in management influence



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or decision-making power. Since the transaction was a gift within the family, it did not convey any new information about the company's performance or future prospects. Investors and market participants would perceive this as a routine, non-material event, not warranting any change in their investment decisions.

Although there was a delay in disclosure, the Acquirer's prompt corrective action by making the necessary disclosure on May 23, 2024, reaffirmed his commitment to transparency and regulatory compliance. This further minimized any potential concerns or uncertainties among shareholders and market participants. Reportedly, the Acquirer did not accrue any financial benefit from the transaction or the non-disclosure. The share transfer was a non-monetary exchange, eliminating any potential for market manipulation or unfair advantage.

12. I have gone through the facts of the case, the written and verbal submissions made by the Acquirer and its Authorized Representatives and in view of the foregoing events and the arguments, I am of the considered view that given the family nature of the transaction, the lack of financial gain, the immediate corrective action taken, and the Acquirer's clean track record, the oversight should be viewed as a minor, isolated incident. Therefore, in exercise of the powers conferred upon me under Section 126(3)(c) of the Act, I hereby **warn** the Respondent to be mindful in the future of the requisite timelines provided for disclosures in the Act and the Regulations and ensure compliance in letter and spirit.

13. This Order is issued without prejudice to any other action that the Commission may initiate against the Acquirer in accordance with the law(s) on matter subsequently investigated or otherwise brought to the knowledge of the Commission.

(Shahzad Afzal Khan)
Director/ Head of Department
(Adjudication Department-I)

Announced:
July 11, 2024