



# SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

## Adjudication Department- I

### Adjudication Division

Before

Shahzad Afzal Khan - Director/Head of Department

*In the Matter of*

Jubilee Spinning and Weaving Mills Limited

Number and Date of SCN: CSD/ARN/292/2016-139 dated April 18, 2024

Dates of Hearings: May 16, 2024

Present: Mr. Shams Rafi, Mr. M. Zeeshan Saleem & Mr. Muhammad Arshad

### ORDER

#### UNDER SECTION 166 OF THE COMPANIES ACT, 2017 READ WITH SECTIONS 169 THEREOF

This Order shall dispose of the proceedings initiated against Board of Directors of Jubilee Spinning and Weaving Mills Limited (the **Company**), collectively referred to as the **Respondents**, through Show Cause Notice CSD/ARN/292/2016-139 dated April 18, 2024 (the **SCN**) issued under Section 166 (1) of the Companies Act, 2017 and Section 169 thereof.

2. Brief facts of the case are that review of record available with the Securities and Exchange Commission of Pakistan (the **Commission**) reveals that the independent director, namely Mr. Muhammad Akbar Khan was not selected from the independent directors' databank maintained by Pakistan Institute of Corporate Governance (the **PICG**), an institute notified by the Commission, at the time of the appointment, as required in Section 166(1) of the Companies Act, 2017 (the **Act**).

3. In view of the aforesaid, the Respondents have *prima facie*, contravened the provisions of Section 166(1) of the Act in terms of which the independent director was not selected from the PICG's databank at the time of appointment. Therefore, taking cognizance of the alleged non-compliance, proceedings were initiated against the Respondents through serving the SCN requiring them to show cause in writing, as to why action, as provided, should not be initiated against them.

4. In reply to the SCN the Company vide letter dated April 29, 2024 submitted the following response:

*"...there are two independent directors on the board of Jubilee Spinning & Weaving Mills Limited. One of these independent directors, Mr. Adnan Amjad, is enrolled on the databank*



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*of Pakistan Institute of Code of Corporate Governance (PICG). The other director, Mr. Muhammad Akbar Khan, is not on the data bank of Pakistan Institute of Code of Corporate Governance (PICG) and has been requested to register immediately. The compliance in this regard was missed and the concerned director has been informed to be enlisted. We expect this registration to happen shortly and will update the Commission in this regard as soon as it is done."*

5. To provide opportunity of personal representation, hearing in the matter was fixed for May 16, 2024. Mr. Shams Rafi, Mr. M. Zeeshan Saleem & Mr. Muhammad Arshad appeared before the undersigned on behalf of the Respondents as their Authorized Representatives (the **Representative**). The Representatives reiterated the submissions as mentioned in the aforementioned letter dated April 29, 2024.

6. Subsequently the Company vide letter dated May 17, 2024 also submitted the following response:

*"...In this regard, please note that Mr. Muhammad Akbar Khan has previously been appointed as an independent director of the company in December 23, 2016 and remained as such till May 30, 2017...For the current term, Mr. Muhammad Akbar Khan continues to be an independent director but is not enrolled with an approved institute for this purpose."*

7. Relevant legal provisions are reproduced as hereunder:

**Section 166 (1) of the Companies Act, 2017:**

*"166. Manner of selection of independent directors and maintenance of databank of independent directors. (1) – An independent director to be appointed under any law, rules, regulations or code, shall be selected from a data bank containing names, addresses and qualifications of persons who are eligible and willing to act as independent directors, maintained by any institute, body or association, as may be notified by the Commission, having expertise in creation and maintenance of such data bank and post on their website for the use by the company making the appointment of such directors;"*

**Section 169 of the Companies Act, 2017:**

*"Whoever contravenes or fails to comply with any of the provisions of section 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 for a period not exceeding three years."*



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8. I have gone through the facts of the case, considered the written submissions made and the arguments extended during the hearing and observed that the non-compliance of Section 166 of the Act is admitted by the Respondents, therefore, are liable to be penalized under Section 169 of the Act read.

9. In view of the above, I, in exercise the powers conferred under Section 169 of the Act, hereby conclude the proceedings initiated against the Respondents through the SCN by imposing an aggregate penalty of **Rs. 70,000/- (Rupees Seventy Thousand Only)** on the Respondents in the following manner:

Sr. #	Name of the Respondents	Penalty (Rs.) for violation of Section 166 (1) of the Act
1.	Mr. Adnan Amjad	10,000
2.	Mr. Aurangzeb Shafi	10,000
3.	Mr. Salman Rafi	10,000
4.	Mrs. Sana Salman	10,000
5.	Mr. Shaukat Shafi	10,000
6.	Mr. Umer Shafi	10,000
7.	Mr. Usman Shafi	10,000
	<b>Total:</b>	<b>70,000</b>

10. The Respondents are hereby, directed to deposit the aforesaid amount of penalty in the designated bank account maintained in the name of the Securities and Exchange Commission of Pakistan with MCB Bank Limited or United Bank Limited within thirty (30) days from the date of this Order and to furnish a receipted bank challan to the Commission for information and record. In case of failure to deposit the penalty, the proceedings under Section 485 of the Act will be initiated for recovery of the fines as arrears of land revenue.

11. Nothing in this Order may be deemed to prejudice the operation of any provisions of the Act providing for imposition of penalties on the Respondents in respect of any default, omission or violation thereof.

**Shahzad Afzal Khan**  
Director/ HOD  
Adjudication Department-I

**Announced:**  
July 15, 2024, Islamabad

