



# SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department- I

Adjudication Division

ORDER	
Name of the Company/ Acquirer:	M/s. Weavers Pakistan (Pvt.) Limited
Number and Date of Show Cause Notice (SCN):	2(341)SMD/Adj-1/2022-160 dated November 12, 2024
Date(s) of Hearing(s):	(i) December 11, 2024; and (ii) December 12, 2024.
Case represented by:	Mr. Tanveer Ahmed (as the Authorized Representative.)
Provisions of law(s) involved:	Section 110(1) of the Securities Act, 2015 and Regulations 4(2) Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2017 read with Section 126(3) of the Securities Act, 2015.
Order dated:	March 05, 2025

This Order shall dispose of the proceedings initiated through the Show Cause Notice No. 2(341)SMD/Adj-1/2022-160 dated November 12, 2024 (the "SCN") by the Securities and Exchange Commission of Pakistan (the "Commission") against Weavers Pakistan (Pvt.) Limited (the "Acquirer") under Section 110(1) of the Securities Act, 2015 (the "Act") and Regulation 4(2) of Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2017 (the "Regulations") read with Section 126(3) of the Act.

2. The brief facts of the case are that M/s. Bawany Air Products Limited (the "Target Company") made announcement on Pakistan Stock Exchange (the "PSX") on June 26, 2024 thereby disclosing/publishing a letter dated June 25, 2024 from the Acquirer regarding acquisition of more than 10% of its voting shares by the Acquirer.

3. The provisions of Section 110(1) of the Act provides that any acquirer who acquires voting shares which taken together with voting shares, if any, held by the acquirer, would entitle the acquirer to more than ten percent (10%) voting shares in a listed company, shall disclose the aggregate of his shareholding to the said listed company, the Securities Exchange on which the voting shares of the company are listed and the Commission as provided in sub-section (2). Further, Section 110(2)(b) of the Act provides that the disclosure mentioned in sub-section (1) shall be made within two working days of the acquisition of voting shares.

4. Furthermore, Regulation 4(2) of the Regulations provides that an acquirer who acquires voting shares beyond the thresholds prescribed under sub-section (1) of Section 110 of the Act, shall within two working days of the acquisition of shares make a disclosure of the acquisition to the target company, the Securities Exchange and the Commission containing the information prescribed in Schedule III of the Regulations.

5. As per record available with the Commission, the Total issued Voting Shares of the Target Company were 7,502,510 and the trading activity by the Acquirer in the shares of the Target Company for the period January 01, 2024 till August 29, 2024, is summarized as under:

Trade Date	Buy Qty	Sell Qty	Net Buy/ (Net Sell)	Cumulative Holding	Percentage	Market
30/04/2024	501,900		501,900	501,900	6.69%	NDM
03/05/2024	200,000		200,000	701,900	9.36%	NDM
20/05/2024	30,000		30,000	731,900	9.76%	Ready
<b>03/06/2024</b>	<b>20,000</b>		<b>20,000</b>	<b>751,900</b>	<b>10.02%</b>	<b>Ready</b>
04/06/2024	10,400		10,400	762,300	10.16%	Ready
12/06/2024	-	152,000	-152,000	610,300	8.13%	Ready
<b>13/06/2024</b>	<b>184,731</b>		<b>184,731</b>	<b>795,031</b>	<b>10.60%</b>	<b>Ready</b>
14/06/2024	10,000		10,000	805,031	10.73%	Ready
<b>Total issued Voting Shares of the Target Company</b>				<b>7,502,510</b>		

6. In view of above tabulated information, it was observed that the Acquirer, by purchasing **20,000** voting shares of the Target Company on **June 03, 2024**, breached the threshold provided in Section 110(1) of the Act, as total shareholding of the Acquirer stood at **751,900**, which constituted **10.02%** of the total issued voting shares of the Target Company i.e. **7,502,510**. It was further observed that the subsequent trading activity by the Acquirer on **June 13, 2024** again resulted in breach of threshold of 10% voting shares of the Target Company via purchase transaction of **184,731** shares; i.e. resulting in increasing the shareholding of the Acquirer from **8.10% to 10.60%**.

7. The Acquirer was required to disclose its shareholding as prescribed in Schedule III of the Regulations to the Target Company, the PSX and the Commission, within two working days of such acquisition. However, it was observed that no such disclosure was made by the Acquirer, neither after acquisition of more than 10% voting shares of the Target Company on **June 03, 2024** nor on **June 13, 2024**; thereby, *prima facie*, resulting in violation of the requirements of Section 110(1) of the Act read with Regulation 4(2) of the Regulations.

8. In order to probe the matter, the Commission vide letter dated September 20, 2024 sought clarification/explanation from the Acquirer on the aforesaid non-compliance of the Act and Regulations to which the Acquirer responded vide letter dated September 30, 2024 in the following manner:

*"We would like to state that all disclosures as required have been made. BAPL was duly informed on 25-06-2023 of acquisition of 766,976 (10.22%) shares and subsequently BAPL disclosed the same on PSX on 26-06-2024. The Copy of disclosure to the Securities Exchange was inadvertently missed and the same is being attached with this letter."*

9. The Acquirer vide its aforementioned letter also submitted copy of letter dated June 25, 2024 addressed to the Company Secretary of the Target Company. However, it has been observed that the said disclosure was not in compliance with the requirements of Schedule III under Regulation 4(2) of the Regulations.

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10. Having being not satisfied with the aforesaid response, the SCN was issued to the Acquirer to show the cause in writing as to why penal action may not be taken for non-compliance of the requirements of Section 110(1) of the Act read with Regulation 4(2) of the Regulations. However, no response was submitted by the Acquirer.

11. In order to provide an opportunity for personal representation and to meet the ends of justice, hearing in the matter was fixed for December 11, 2024 which was attended by Mr. Tanveer Ahmed, as the Authorized Representative of the Acquirer (**the "Authorized Representative"**). During the course of the hearing, the Authorized Representative sought an adjournment of the proceedings to allow him further time to streamline his consultation notes and records, which was duly acceded to and the hearing was adjourned till 11:00 AM on December 12, 2024. During the course of hearing, the Authorized Representative stated that the Acquirer, on June 20, 2024, acquired 10.22% of the total voting shares of the Target Company, which triggered the requirement of filing of the relevant disclosures. However, the said disclosure was filed on June 25, 2024, only with the PSX, and the Acquirer inadvertently missed to file the same with the Commission. The Authorized Representative also contended that the Acquirer was not very well aware of the requirements of the law; particularly with the format of the disclosure. Therefore, the Authorized Representative requested to condone the default and to take a lenient view in the matter.

12. Subsequent to the hearing, the Acquirer through its Chief Executive vide letter dated December 16, 2024 made the following written submissions:

- (i) The Acquirer on June 20, 2024 acquired 24,245 shares of the Target Company and by virtue of this acquisition total holding in the Target Company increased to 10.22% which required disclosure within two days i.e. June 24, 2024 (June 22 and June 23 being Saturday and Sunday).
- (ii) The disclosure was made on June 25, 2024 which was with a delay of one day than required deadline. The Target Company on receiving the intimation made disclosure to PSX on June 26, 2024 through PUCAR.
- (iii) A copy of disclosure to the Commission was inadvertently missed and was subsequently sent after receiving Commission's letter dated September 20, 2024.
- (iv) The Acquirer being a private limited company was not aware before the hearing that disclosure has to be made as per format given in Schedule III of the Regulations as such disclosure was made in normal format.
- (v) Further the disclosures given on PUCAR to PSX by other companies are also on normal format and not as per schedule III.
- (vi) It is therefore requested to condone the delay of one day in making the required disclosure of acquisition of more than 10% in the Target Company.

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- (vii) The Acquirer will comply with the requirements in future and make all necessary disclosures in the required format.

13. I have reviewed the facts of the case and also considered the written and verbal submissions made by the Authorized Representative on behalf of the Acquirer. At this juncture, it is important to discuss the following legal and factual elements:

- (i) In terms of Section 110(1) of the Act read with Regulation 4(2) of the Regulations, the Acquirer was required to disclose its shareholding as prescribed in Schedule III of the Regulations to the Target Company, the PSX and the Commission, within two working days of such acquisition. However, it has been observed that no such disclosure was made by the Acquirer after acquisition of more than 10% voting shares of the Target Company on June 03, 2024. The Acquirer proceeded with further trading activity, which again resulted in a breach of the threshold of 10% voting shares on June 13, 2024, and yet again, no disclosure was made.
- (ii) The disclosure requirements and timelines prescribed in the Act and the Regulations are critical for revealing the shareholding status of the Acquirer. These requirements ensure transparency, prevent conflicts of interest, mitigate the risks of insider trading, and contribute to the integrity of the market. Accurate and timely disclosures enable investors to access crucial information for informed decision-making. In 2007 CLD 277, it was held that, *"....any person who acquired more than 10 per cent of shares in a listed-company must make adequate disclosure not only to the company whose shares such person had acquired, but also to the stock exchange on which securities were traded....Accordingly, it would be defeating the intent of Legislature if an acquirer, was allowed to avoid compliance with the mandatory provisions of the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Ordinance, 2002"*.
- (iii) It is observed that the trade data submitted by the Acquirer during the proceedings, which was obtained from its respective broker, showed a slight variation from the shareholding position as available in the record with the Commission. According to the Acquirer's submission, its cumulative shareholding was 439,600 shares (5.58%) on April 30, 2024, leading to its claim that it breached the 10% threshold on June 20, 2024, instead of June 03, 2024 and June 13, 2024. However, based on the verified and authentic trading data as available with the Commission, the Acquirer's cumulative shareholding on April 30, 2024 was 501,900 shares (6.69%). The Acquirer purchased 20,000 shares on June 03, 2024, resulting in increasing its cumulative shareholding to 751,900 shares, which constituted 10.02% of the total issued voting shares of the Target Company. Subsequently, on June 13, 2024, the Acquirer acquired an additional 184,731 shares, increasing its cumulative shareholding to 10.60%.
- (iv) In this instant matter of discrepancy between the data claimed by the Acquirer, which is based on the broker's back-office records and the duly verified and assured data available with the Commission, the reliance has been placed on the latter, which is fully in sync with the data maintained by the PSX, the licensed Securities Exchange, the custodian of trading data and entity responsible for maintaining the official and accurate records.

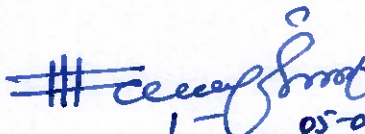
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- (v) It is important to observe that disclosures under Section 110(1) of the Act read with Regulation 4(2) of the Regulations must be strictly followed in the prescribed format as per Schedule III of the Regulations. Additionally, the Acquirer's claim of its unawareness regarding the format cannot be accepted as a valid defence in light of an accepted principle of *ignorantia juris non excusat*. The Acquirer had a statutory obligation to comply with disclosure requirements in a timely and accurate manner, which it failed.
- (vi) Furthermore, the Acquirer's assertion that it was merely a one-day delay in making the disclosure is not tenable, as the requirement of disclosure first arose on June 3, 2024 and again on June 13, 2024. However, the Acquirer failed to disclose within the prescribed two working days period. It is also observed that the disclosure made on June 25, 2024 by the Acquirer, which was not as per the prescribed format, cannot absolve the Acquirer from complying with the regulatory requirements.

14. In view of the foregoing, the contravention of Section 110(1) of the Act read with Regulation 4(2) of the Regulations has been established beyond doubt which attracts a penal action in terms of Section 126(3)(c) of the Act. I have also given due attention to the arguments presented by the Authorized Representative, however, none of the argument justifies the non-adherence with the provisions of the Act and the Regulations. I, therefore, in terms of powers conferred under Section 126(3) of the Act read with S.R.O.1545(I)/2019 dated December 06, 2019, hereby impose a penalty of **Rs.25,000/- (Rupees Twenty Five Thousand only)** on the Acquirer on account of this established default. Further, the Acquirer is advised to immediately undertake compliance of necessary disclosure requirement with the Commission in the instant matter as per the due requirement of the law and to ensure meticulous compliance with the applicable legal and regulatory framework in the future.

15. The Acquirer is, hereby, directed to deposit the aforesaid amount of penalty in the designated bank account maintained in the name of the Commission 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 forthwith. In case of failure to deposit the penalty, the proceedings under Section 162 of the Act will be initiated for recovery of the penalty/fines as arrears of land revenue pursuant to provision of Section 42B of the Securities and Exchange Commission of Pakistan Act, 1997 (the "SECP Act").

  
05-03-2025

(Sohail Qadri)

Director / Head of Department  
Adjudication Department-I

**Announced:**

March 05, 2025

Islamabad.

