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SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**Adjudication Department-I****Adjudication Division**

ORDER	
Name of Company:	M/s. Ittehad Chemicals Limited
Name of the Noticee	Mr. Yousaf Khatri, Acquirer of M/s. Ittehad Chemicals Limited
Number and Date of Show Cause Notice (SCN):	2(478)SMD/Adj-1/2025-788 dated September 12, 2025
Date of Hearing:	<i>No one appeared for the scheduled hearings for October 16, 2025, October 28, 2025 and November 13, 2025</i>
Case represented by:	<i>Not applicable</i>
Provisions of law involved:	Section 110(1) read with Section 126(3)(c) of the Securities Act, 2015 and Regulation 4(2) of the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2017
Date of the Order:	November 27, 2025

This Order shall dispose of the proceedings initiated through the Show Cause Notice No. 2(478)SMD/Adj-1/2025-788 dated September 12, 2025 (the "SCN") against Mr. Yousaf Khatri (hereinafter referred to as the "Acquirer" or the "Noticee") for his alleged failure to file the requisite disclosure after acquiring shares of M/s Ittehad Chemicals Limited (the "Target Company") pursuant to the provisions of Section 110(1) of the Securities Act, 2015 (the "Act"), in contravention of the requirements of Section 110(1) and 110(2) of the Act read with Regulation 4(2) of the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2017 (the "Regulations") under the penal provisions of Section 126(3)(c) of the Act.

2. The provisions of section 110(1) of the Act *inter alia* stipulate 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 in that company to the said company, the securities exchange on which the voting shares of the said company are listed and the Securities and Exchange Commission of Pakistan ("the Commission"). The provisions of sub-section (2) of Section 110 of the Act stipulate that the disclosure mentioned in sub-section (1) of Section 110 shall be made within two (02) working days of the acquisition of voting shares. The sub-regulation (2) of Regulation 4 of the Regulations stipulates that an acquirer who acquires voting shares beyond the thresholds prescribed under sub-section (1) of Section 110 the Act, shall within two (02) 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 to the Regulations.

3. The brief facts of the case are that review of the record available with the Commission revealed that the Acquirer acquired 17,500 voting shares of the Target Company on February 26,

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2025, making cumulative shareholding of the Acquirer as 9.98% (9,983,187 shares). Subsequently, the data on date-wise trades executed by the Acquirer revealed that on the next day i.e. February 27, 2025, the Acquirer acquired additional 40,000 voting shares of the Target Company; thereby increasing his cumulative shareholding to 10,023,187 shares i.e. from 9.98% to 10.02% of the total issued voting shares of the Target Company. The trades executed by the Acquirer in shares of the Target Company during the period from February 24, 2025 till March 20, 2025 are tabulated hereinbelow for ready reference:

Trade Date	Buy Quantity	Sell Quantity	Net Buy/ (Net Sell)	Cumulative Holding	Percentage of Total Voting Shares
Shareholding of Mr. Yousaf Khatri* as of December 31, 2024 per the list of Shareholders				9,940,687	9.94%
2025-02-24	25,000		25,000	9,965,687	9.97%
2025-02-26	17,500		17,500	9,983,187	9.98%
2025-02-27	40,000		40,000	10,023,187	10.02%
2025-03-03		20,000	(20,000)	10,003,187	10.00%
2025-03-04	20,000		20,000	10,023,187	10.02%
2025-03-06	20,000		20,000	10,043,187	10.04%
2025-03-10	25,000		25,000	10,068,187	10.07%
2025-03-14	25,000		25,000	10,093,187	10.09%
2025-03-18	25,000		25,000	10,118,187	10.12%
2025-03-19	25,000		25,000	10,143,187	10.14%
2025-03-20	20,000		20,000	10,163,187	10.16%
Total Issued Voting Shares of the Target Company				100,000,000	

**erroneously referred to as Mr. Naseer Ahmed in the SCN*

4. It was observed that the Acquirer, by purchasing 40,000 voting shares of the Target Company on **February 27, 2025** surpassed the threshold of ten percent (10%) provided in Section 110(1) of the Act, since the total shareholding of the Acquirer increased to **10,023,187** shares, which constituted **10.02%** of the total issued voting shares of the Target Company. In terms of Section 110(1) of the Act and Regulation 4(2) of the Regulations, the Acquirer was required to disclose his shareholding on the prescribed Schedule-III of the Regulations to the Target Company, the securities exchange and the Commission, within two (02) working days of crossing 10% voting shareholding of the Target Company.

5. However, the record maintained by the Commission revealed that the Acquirer failed to file the aforesaid requisite disclosure on Schedule-III to the Regulations. The Commission vide letter dated April 18, 2025 sought explanation from the Acquirer regarding its afore-referred non-compliance vis-à-vis the requirements of Section 110(1) of the Act read with Regulation 4(2) of the Regulations. In response, the Acquirer vide letter dated April 23, 2025 referred to his filing of Form-5 (specified under the Reporting and Disclosure (of Shareholding by Directors, Executive

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Officers and Substantial Shareholders) Regulations, 2015) with the Commission required under an independent and separate provision of Section 103(1)(a) of the Act.

6. Considering that the requisite disclosure was *prima facie* not made subsequent to acquisition of voting shares beyond the threshold identified under Section 110(1) of the Act and taking cognizance in the matter, a SCN was served upon the Acquirer on September 12, 2025 for the alleged contravention of Section 110(1) of the Act and Regulation 4(2) of the Regulations read with the penal provisions of Section 126(3)(c) of the Act.

7. The Acquirer failed to submit any written response to the SCN within the prescribed timeline. Nevertheless, in order to meet the ends of justice and provide an opportunity of being heard to the Acquirer, a hearing was scheduled for October 16, 2025. However, the Acquirer neither appeared for the scheduled hearing in person or through his authorized representatives nor submitted any request for adjournment of the hearing. The hearing was re-fixed for October 28, 2025, which again remained unattended by the Acquirer. Subsequently, in an effort to preserve the *bona fide* right of the Acquirer, hearing in the matter was re-fixed to provide a final opportunity to the Acquirer for personal representation for November 13, 2025 with a clear instruction that in case of non-appearance, the matter would be decided *ex-parte* based on its merits and the record available with the Commission. The Acquirer again preferred not to appear on the date of scheduled hearing. It is pertinent to observe that the hearing notices for all of the scheduled hearings were duly delivered to and received at the residential address of the Acquirer as available on record of the Commission i.e. C-56, KDA Scheme No. 1, Karachi.

8. I have gone through the relevant provisions of Section 110(1) and 110(2) of the Act and Regulation 4(2) of the Regulations, and considered the facts of the case and available record of the Acquirer. I have also perused Section 126(3)(c) of the Act, which stipulates penal provisions for contravention of the afore-referred provisions of law. I have noted that despite provision of multiple hearing opportunities, the Acquirer has preferred not to participate in the instant proceedings; thereby reflecting his non-cooperative behavior in the matter. Therefore, I am left with no other option except to proceed *ex-parte* against the Acquirer and pass an Order on the basis of merits of the case and record available with this office.

9. At the outset, it is necessary to shed light upon the rationale behind the promulgation of takeover laws (and regulations thereunder). The Appellate Bench of the Commission in the case titled as *Mahboob Elahi, Chief Executive vs. Commissioner CLD SECP (2013 CLD 1122 SECP)* held that “...*Chief executive, in circumstances, crossed the threshold level...of voting shares in the company set out in...the Listed Companies (Substantial Acquisition of Voting Shares and takeovers) Ordinance, 2002, which required the disclosure to the company and to the stock exchange on which the voting shares of the company were listed...increase in shareholding required compliance of...the Ordinance...Rationale as stated in the Preamble read with other provisions of the Ordinance was to provide for a fair and equal treatment to all the investors, as well as a transparent and efficient system for substantial acquisition of voting shares and*”

takeovers of listed companies... Chief Executive of the company was required to comply with the requirements of... the Ordinance, but he failed to comply with the said requirement..." [2011 CLD 537 titled *Elahi Cotton Mills Limited vs SECP* also considered relevant]. The said judgement correctly emphasizes on the cruciality of making transparent as well as timely disclosures in these transactions in the prescribed manner, even when such disclosures could, rather wrongly, be taken as merely procedural.

10. The provisions of Section 110(1) of the Act explicitly stipulates that after the acquirer acquires voting shares beyond the threshold of ten percent (10%), the acquirer shall make a disclosure of his aggregate shareholding in that company to the said company, the securities exchange and the Commission in a prescribed manner i.e. on the Schedule-III specified under Regulation 4(2) of the Regulations. The aforesaid reporting requirement is mandatory, and the Acquirer was unequivocally required to make the disclosure containing the information prescribed in the Schedule-III to the Regulations in terms of Section 110(2) of the Act and Regulation 4(2) of the Regulations within two (02) working days from the date of share acquisition transaction on February 27, 2025. However, the Acquirer has failed to comply with the aforesaid requirements of law.


11. With respect to the determination of willfulness of the Acquirer in the questioned default of Section 110(1) of the Act read with Regulation 4(2) of the Regulations in terms of Section 126(3)(c) of the Act, the judgement cited as 2010 CLD 262 is considered relevant, wherein it was discussed at length by the Appellate Bench that "...in order to reach a conclusion whether an act was willful or not one needs to look at the intention in the light of surrounding facts. The appellants have not come forward to show and infact have neither pleaded any fact which would reveal that the violation of sections 4 and 5 of the Takeovers Ordinance was not willful. The fact that the appellant No.1 was a Director of the target company and which in turn had informed the KSE cannot be termed partial compliance of the Takeovers Ordinance by the appellants as we have already held in paragraph 9 above. In *Jalaluddin F.C.A. v. Commissioner SEC*, 2005 CLD 333, where the meaning of willful...has been discussed, it was held that:-- "whereas intent is a necessary ingredient of willfulness, impropriety is not (1960) 30 Com cases 523. **It is therefore not necessary to prove that the default committed by the appellant was mala fide.**" We would also rely on case titled *City Equitable Fire Insurance Co. Ltd., Re.* 1925 Ch. 407, referred to in 2005 CLD 333... "that a default...will be considered willful even if it arises out of being recklessly careless, even though there may not be knowledge or intent." **The appellants by not complying with the requirements of sections 4 and 5 of the Takeover Ordinance are in violation of the law and their inaction can be termed as being recklessly careless in light of the case-law cited above.**" (emphasis added) The 'inaction' of the Acquirer in submitting the requisite Schedule-III within the stipulated timeline and in rectifying the default & filing the requisite disclosure even after the default was brought to his knowledge in April 2025 and thereafter through the instant SCN in September 2025 sufficiently tantamount to willfulness of his default.

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12. In view of the above-stated facts and circumstances, it is established beyond doubt that the Acquirer failed to make the requisite disclosures as required under Section 110(1) of the Act read with Regulation 4(2) of the Regulations in a timely manner. Therefore, I, in exercise of the powers conferred under Section 126(3)(c) of the Act, hereby conclude the instant proceedings by imposing a **penalty of Rs.20,000 (Rupees Twenty Thousand only) on the Acquirer**. The Acquirer is also hereby advised to exercise caution and ensure meticulous compliance with all applicable laws in true letter and spirit in the future.

13. The Noticee is directed to deposit the aforesaid 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 a period of thirty (30) days from the date of this Order, and furnish receipted voucher issued in the name of the Commission for information and record. In case of failure to deposit the penalty, the proceedings under Section 162 of the Act will be initiated for recovery of the fines as arrears of land revenue pursuant to provisions of Section 42B of the Securities and Exchange Commission of Pakistan Act, 1997 (“SECP Act”).

14. Without prejudice to the above, in case the Noticee is aggrieved by this Order, he may, within thirty days of the Order, prefer to file review application in terms of Section 32B of the SECP Act, 1997 or may file an appeal to Appellate Bench of the Commission in terms of Section 33 of the SECP Act in accordance with the procedure for filing an appeal as laid down under the Securities and Exchange Commission of Pakistan (Appellate Bench Procedure) Rules, 2003.


(Sohail Qadri) 27-11-2025

Director / Head of Department
(Adjudication Department-I)

Announced:

November 27, 2025

Islamabad

