**Before**

**Abid Hussain – Executive Director/ Head of Department**

**In the matter of Show Cause Notice issued to Khyber Textile Mills Limited**

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| Dates of Hearing | September 12, 2022 |

**Order-Redacted Version**

 Order dated September 22, 2022 was passed by Executive Director/Head of Department (Adjudication-I) in the matter of Khyber Textile Mills Limited. Relevant details are given as hereunder:

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| **Nature** | **Details** |
| 1. Date of Action
 | Show cause notice dated August 19, 2022 |
| 1. Name of Company
 | Khyber Textile Mills Limited |
| 1. Name of Individual\*
 | The proceedings were initiated against the board of directors of the Company  |
| 1. Nature of Offence
 | Proceedings were initiated in terms of Section 159(4) and Section 166(3) of the Companies Act, 2017 (**the Act**) read with Section 169 and Section 479 thereofBrief facts of the case are that review of the audited financial statements for the year ended June 30, 2019 (**the Accounts**) of the Company revealed that the Company held election of directors in its annual general meeting (**the AGM**) held on October 25, 2019 wherein seven directors were elected, including Mr. \*\*\*\*\* as an independent director. Moreover it was transpired from the record available with the Securities and Exchange Commission of Pakistan (**the Commission**) that the Company did not publish the notice of candidates contesting the election of directors as required under section 159(4) of the Act and also failed to attach statement of material facts with its notice of AGM as required under section 166(3) of the Act.  |
| 1. Action Taken
 | Key findings were reported in the following manner:I have gone through the facts of case and considered both the written and oral submissions of the Respondents in light of the aforementioned legal provisions and available record. It is important to understand the spirit of the procedure provided in provisions of Section 159 of the Act. In the first notice, given twenty-one (21) days before the date of general meeting, names of the retiring directors are required to published in newspapers for information of the shareholders. The law provides seven (7) days’ time to shareholders to submit their consent with the Company, if they intend to contest election of directors. Whereas seven (7) days’ time is given to the company to scrutinize the consent papers filed by the shareholder, showing his/her interest to contest the election of directors, whether he meets the eligibility criteria to become the director of the company, as given under various provisions of the Act. Now seven (7) days before the date of general meeting the company is required to publish the names of persons, who have given their consent for contesting the election of directors. The procedure given in the law is for providing timely information to the shareholder facilitating him/her to make decision to cast his/her vote for the person of his choice. In the instant case the Respondents have acknowledged non-compliance of section 159 and section 166 of the Act and, therefore, are liable for penalty under section 169 of the Act. Therefore, I, in terms of the power conferred under section 169 and 479 of the Act, hereby impose **penalty of** Rs. 10,000/- (Rupees Ten Thousand only) on the company and warn all the remaining Respondents to ensure compliance with the relevant provision of the law in future, in letter and spirit.Nothing in this Order may be deemed to prejudice the operation of any provision of the Act providing for imposition of penalties in respect of any default, omission, violation of the Act. |
| 1. Penalty Imposed
 | Rs. 10,000/- (Rupees Ten Thousand only) |
| 1. Current Status of Order
 | No Appeal has been filed by the respondents. |