



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department- I

Say No to Corruption

Adjudication Division

Before

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

In the matter of

Panther Tyres Limited

Number and date of Show Cause Notice (SCN)	2(421)SMD/Adj-1/2023-923 Dated May 09, 2023
Date of Hearing:	June 08, 2023
Present at the Hearing:	Mr. Mohsin Muzaffar Butt (Company Secretary) Mr. Imran Bashir (Corporate Consultant) (Authorized Representatives)

ORDER

UNDER SECTION 106 OF THE SECURITIES ACT, 2015

This Order shall dispose of the proceedings initiated against Panther Tyres Limited (**the Company/Respondent**) through Show Cause Notice No. 2(421)SMD/Adj-1/2023-923 dated May 09, 2023 (**the SCN**) issued under Section 106 of the Securities Act, 2015 (**the Act**) on account of alleged contravention of Section 102(3) of the Act read with regulation 3(3) of the Reporting and Disclosure (of Shareholding by Directors, Executive Officers and Substantial Shareholders in Listed Companies) Regulations, 2015 (**the Regulations**).

2. Brief facts of the case are that the Company appointed the following Directors on its Board pursuant to AGM held on December 28, 2022. The names of the Directors are as under:

S.NO	Name of Director(s)/CEO	Date of Appointment
1	Mian Iftikhar Ahmed	January 01, 2023
2	Mian Faisal Iftikhar	January 01, 2023
3	Mr. Zahid Mahmud Malik	January 01, 2023
4	Mr. Javed Masud	January 01, 2023
5	Ms. Ayesha Iftikhar	January 01, 2023
6	Mr. Asad Sultan Chaudhary	January 01, 2023
7	Mr. Iqbal Ahmed Khan	January 01, 2023

3. In terms of Section 102(3) of the Act read with regulation 3(3) of the Regulations, the Company was required to file a statement of beneficial ownership i.e. Form 1 to the Company and Form 5 to the Securities and Exchange Commission of Pakistan (**the Commission**), within 7 days of becoming the Directors of the Company. However, the record available with the Commission transpires that the Company has not filed Form 4 of all the appointed directors till date except Ms. Ayesha Iftikhar.

4. The Commission vide letter dated March 08, 2023 sought explanation from the Company with respect to its alleged failure to file Form 4. The Company responded vide its letter dated March 20, 2023 in which the Company took the stance that it had filed Form 4 at the time of appointment of its respective directors as under:





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Sr	Name	Date of Appointment
1	Mian Iftikhar Ahmed	31-12-2019
2	Mian Faisal Iftikhar	31-12-2019
3	Iqbal Ahmed Khan	31-12-2019
4	Asad Sultan Chaudhary	31-12-2019
5	Javed Masud	31-12-2019
6	Zahid Mahmud	14-09-2020
7	Ms. Ayesha Iftikhar	01-01-23

5. The Company further submitted in the aforesaid letter as under:

"....Similarly, the changes in Beneficial Ownership (BO) of the above-mentioned directors have been informed from time to time to SECP through Form-6 within the prescribed timeframe.

The company has already filed Form-29 with SECP to re-elect our directors and re-appoint the CEO. The same information has simultaneously been disseminated to PSX through PUCAR."

6. In view of the above, the Company, *prima facie*, has violated Section 102(3) of the Act read with regulation 3(3) of the Regulations, which attracts applicability of the penal provisions of Section 106(2)(b) of the Act. Accordingly, the Commission while taking cognizance of the aforementioned non-compliance served the SCN upon the Company, requiring it to submit its written reply within 14 days of the date of the SCN.

7. In response to SCN, the Company Secretary on behalf of the Company vide letter dated May 16, 2023 submitted the reply as under:

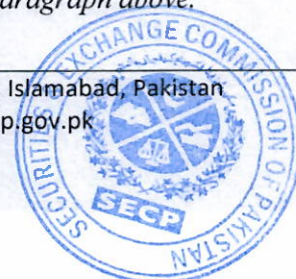
"...It is submitted that holding of election of directors for reappointment of directors in shareholders' meeting does not change the status of beneficial ownership of the director/chief executive owing to their reappointment and continuation for the office of director/chief executive. It may be noted that all the six directors of the Company are continuing from the previous term and any change in their beneficial ownership was duly reported from time to time.

However, to ensure compliance with the law, all the remaining directors who were re-elected on December 28, 2022, have unconditionally filed their respective Forms 1 and the Company has also reported respective Forms 5 to the Commission under Securities Act, 2015. Acknowledgments of filing of Forms are attached for your ready reference.

It is pertinent to discuss the background of provisions of Sections 101 to 106 of the Securities Act, 2015 which was promulgated on May 06, 2015, and the schedule under Section 178 of the Securities Act, 2015 provides savings of relevant provisions of Sections 52 to 66 and Sections 220 to 224 of the Companies Ordinance, 1984.

The directors of the Company are well aware of their fiduciary responsibilities and used to submit Forms 1 and Forms 5 in compliance with Section 101 and Section 103 respectively of the Securities Act 2015 for onward submission to the Commission by the Company Secretary. I am of the view that directors have followed the spirit of the law acting in good faith.

The response to the paragraph is already covered in the paragraph above.





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It is worth mentioning here that the Company always assured meticulous compliance with all provisions of the applicable corporate laws. The Company has neither committed nor has any intention to non-comply with any of the provisions of the applicable corporate laws since its listing on the Pakistan Stock Exchange. The Company was and always strived to be, a law-abiding company one that its peers sought to emulate, in terms of their standards of compliance with, rules, regulations, procedures, and laws.

We have no intention to violate sections 101 and 103 of the Securities Act, 2015. This is also evident from the fact mentioned in para no. 08 of your show cause that Ms. Ayesha Iftikhar has filed her Form 1 and Form 5 after her new appointment/election as a board member with effect from 01 January 2023.

It is our submission that the spirit of the law does not require the directors / chief executive to file said forms at the time of re-election/re-appointment rather they are required to submit the beneficial ownership on becoming a director/chief executive of any company or any change therein.

That the contents of para under reply do not relate to the merits of the case, rather matter of record.

The directors have not committed any non-compliance nor do they have such intention to do so as there was a difference of opinion on our part.

In view of the submissions in previous paragraphs, it is prayed that show cause proceedings be withdrawn considering the fact that we have complied with the provisions of the law despite our considered view that it is not applicable at the time of re-election/ reappointment."

8. The Company was provided opportunity of personal representation and the hearing was fixed in the matter for June 08, 2023. The hearing was attended by Mr. Mohsin Muzaffar Butt, Company Secretary and Mr. Imran Bashir, Corporate Consultant as Authorized Representatives (**the Representatives**) of the Company. During the course of hearing, the Representatives were advised to explain the reasons for the alleged non-compliances, as narrated in the SCN. The Representatives reiterated the submissions and arguments made in the written reply and admitted occurrence of delay in filing of Form 4 of the Directors. Moreover, the representatives added that their understanding related to filling of Form-4 was that it is mandatory to file form at the time of new appointment due to which Ms. Ayesha Iftikhar filed her Form 4 at the time of her fresh appointment. However, subsequent filing has been made by the Company and the Representatives requested that a lenient view may be taken in the matter.

9. The relevant provisions of the law are reproduced as under:

Section 102(3) of the Act:

"102. Register of directors' interests notified under section 101.—...(3) Whenever a listed company is notified of any matter in consequence of requirement imposed by sub-section (1) of section 101, the company shall notify it to the Commission, within seven days of the receipt of the information, showing therein name of director, executive officer or shareholder, date of appointment or acquisition of beneficial ownership and number of shares held by him.."

Regulation 3(3) of the Regulations:

"3. Reporting of Beneficial ownership in listed equity securities under section 101 to section 103 of the Act:-..."





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(3) The listed company shall notify the Commission in Form 4 whenever such company receives Form 1 from a director, executive officer, or substantial shareholder pursuant to the requirement of section 101(1) of the Act."

Section 106 of the Act:

"106. Directive by the Commission.—(1) ...

(2) where any person who contravenes or fails to comply with any provision of sections 101, 102, 103, 104, 105 and 107, the Commission may by order in writing direct,—

(b) in the case of a company, the company and its every director or officer who is knowingly and willfully in default, to pay by way of penalty to the Commission such amount which may extend to five hundred thousand rupees and to a further amount which may extend to one thousand rupees per day for every day during which the default continues;"

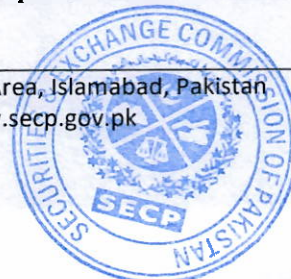
10. It would be pertinent to mention here that the Commission has already issued Clarification dated April 20, 2022, wherein it has been explicitly clarified that filing of Form 4 is applicable on every listed company in case of every director who is appointed afresh, re-appointed or a nominee one. The duty to file requisite Form regarding beneficial ownership is necessary every time when a person becomes a director on the Board of listed company. Therefore, the legislation has not granted any relaxation or exemption in respect of filing of returns for any of the categories of directors.

11. The intent of aforesaid provisions of the law is to ensure that public shareholders of a listed company are treated fairly and equitably in relation to beneficial ownership in a listed company, thereby maintaining stability in the securities market. Well-functioning financial markets largely depend upon disclosure regime that provides transparency into the behavior of shareholders as well as the beneficial ownership and control structure of listed companies. Investors, listed issuers and other stakeholders benefit from the information disseminated through these disclosures. Therefore, timely filing of Form-4 is aimed at not only ensuring transparency in acquisition of shareholding, but it serves as an instrument for providing the updated information on the beneficial ownership of listed companies to the Commission. In addition to transparency, the disclosure regime also helps in developing general market efficiency.

12. I have gone through the facts of the case and considered both written and verbal submissions of the Representatives in light of the applicable provisions of the law and the available record and noted that the Company was required to file Forms 4, within 7 days of the receipt of information on Form 1 from the respective director as required under Section 102(3) of the Act read with regulation 3(3) of the Regulations. The Company has not filed Form 4 of all the appointed directors till date except Ms. Ayesha Ifikhar.

13. In view of the foregoing facts and the verbal submission made by the Company, non-compliance/ contravention of the provisions Section 102(3) of the Act read with regulation 3(3) of the Regulations has been established and same has also been admitted by the Representative. Therefore, in exercise of the powers conferred upon me under Section 106(2)(b) of the Act, I hereby impose a penalty of **Rs. 10,000/- (Pak Rupees Ten Thousand Only)** on the Company on account of the aforesaid established default.

14. The Company is directed to deposit the aforesaid penalty in the account of the Commission being maintained with the designated branches of MCB Bank Limited, within a period of thirty (30) days of the announcement of this Order, and furnish original Deposit Challan to this office forthwith.





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

A handwritten signature in blue ink, appearing to read 'Shahzad Afzal Khan', is written over a horizontal line.

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



Announced:
July 19, 2023
Islamabad