



# SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

## Adjudication Department-I Adjudication Division

Say No to Corruption

Before

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

In the matter of

Khyber Textile Mills Limited

Number and date of Show Cause Notice (SCN)	2(415)SMD/Adj-1/2023-859 Dated March 28, 2023
Date of Hearing:	May 29, 2023
Present at the Hearing:	Mr. Sadaqat Khan, Company Secretary (Authorized Representative)

### ORDER

#### UNDER SECTION 106 OF THE SECURITIES ACT, 2015

This Order shall dispose of the proceedings initiated against Khyber Textile Mills Limited (**the Company/Respondent**) through Show Cause Notice No. 2(415)SMD/Adj-1/2023-859 dated March 28, 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 on October 21, 2022. The names of the Directors are as under:

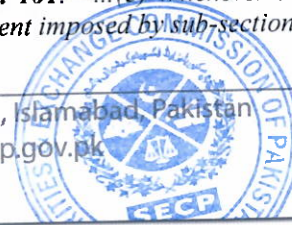
S.No	Name of Director(s)
1	Mr. Aurangzeb Khan
2	Mr. Amanullah Khan Jadoon
3	Mr. Muhammad Bahauddin
4	Mr. Adam Jadoon
5	Mr. Hassan Ovais
6	Ms. Amna Jadoon
7	Mr. Nusrat Iqbal

3. In terms of Section 102(3) of the Act read with regulation 3(3) of the Regulations, the Company was required to file Form 4, within 7 days of the receipt of information on Form 1 from the respective director. However, the record available with the Securities and Exchange Commission of Pakistan (**the Commission**) transpires that compliance was not ensured by the Company in respect of all the aforesaid directors.

4. 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*





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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:-...**

**(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;”**

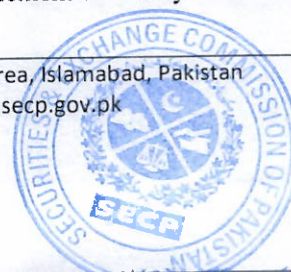
5. The Commission vide letter dated February 28, 2023 sought explanation from the Company with respect to its alleged failure to file Form 4. The Company vide letter dated March 06, 2023 submitted that the delay in submission of the Forms 4 was due to an oversight which has subsequently been rectified. However, as per the record of the Commission, Forms 4 in respect of all the Directors, were filed by the Company on March 02, 2023 **with delay of 125 days.**

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 vide letter dated April 05, 2023 submitted his reply as under:

*“...The delay in submission of the Forms was due to an oversight, which has been rectified as we have filed Form 4 on the basis of information received from the Directors in Form 1. We appreciate your office for bringing this matter to our attention. We assure you that the same will not be repeated in the future, as we strive for compliance. Kindly take a lenient view of this matter and close the proceedings of the Show Cause Notice.”*

8. The Company was provided opportunity of personal representation and the hearing was fixed in the matter for May 29, 2023. The hearing was attended by Mr. Sadaqat Khan, Company Secretary as Authorized Representative (**the Representative**) of the Company. During the course of hearing, the Representative was advised to explain the reasons for the alleged non-compliances, as narrated in the SCN. The Representative reiterated the written arguments and submissions made in the written reply and admitted occurrence of delay in filing Form 4. He further stated that the submission of the Forms was inadvertently overlooked; however, subsequently, Forms 4 have been filed by the Company in respect of all the Directors. The Representative requested that a lenient view may be taken in the matter.





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9. I have gone through the facts of the case and considered both written and verbal submissions of the Representative 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 admission made by the Company for late filing of Forms 4 to the Commission, is on the record. As per record of the Commission, the Company filed Form 4 in respect of all the Directors after a substantial **delay of 125 days** i.e. on March 02, 2023.

10. 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.

11. 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.

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

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



**Announced:**  
June 21, 2023  
Islamabad