

Before Ali Azeem Ikram, Executive Director/HOD (Adjudication-I)

In the matter of Show Cause Notice issued to Ali Asghar Textile Mills Limited

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Date of Hearing	January 13, 2020, January 23, 2020, February 04, 2020, May 20, 2020, June 02, 2020, June 05, 2020, September 03, 2020
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**Order-Redacted Version**

Order dated September 11, 2020 was passed by Executive Director/Head of Department (Adjudication-I) in the matter of Ali Asghar Textile Mills Limited. Relevant details are given as hereunder:

<b>Nature</b>	<b>Details</b>
1. Date of Action	Show cause notice dated December 18, 2019
2. Name of Company	Ali Asghar Textile Mills Limited
3. Name of Individual*	Not relevant. The proceedings were initiated against the Company i.e. Ali Asghar Textile Mills Limited.
4. Nature of Offence	In view of alleged violations under sub-regulation (1) of Regulation 6 and Regulation 41 of the Listed Companies (Code of Corporate Governance) Regulations, 2017 read with 512 of the Companies Act, 2017.
5. Action Taken	Key findings of default were reported in the following manner:  I have analyzed that the facts of case, relevant provisions of the law and the record placed before me. Based on the aforesaid, it is evident that the Company was required to elect at least two independent directors as per the requirements of Sub-regulation (1) of Regulation 6 of the CCG Regulations read with Section 512 of the Act. However, the Company elected only one independent director, Mr. Muhammad Zubair, on its board in its election held on January 03, 2018. It is important to mention that in terms of Section 158 of the Act, on expiry of terms of directors, the directors so retiring continue to perform their functions until their successors are elected and therefore such retiring director are required to hold elections. The independent directors are elected in terms of Section 166 read with Section 159 of the Act.



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	<p>Moreover, CCG Regulations were notified vide S.R.O 1216 (I)/2017 dated November 22, 2017 and came into force for the period starting after December 31, 2017. Therefore, it was the responsibility of the Respondents to take steps to enable requisite number of independent directors to be elected on board in the elections held on January 03, 2018. Furthermore, the Respondent did not provide any supporting evidence i.e. minutes of board of directors meeting in support of submission in hearing w.r.t constraint in electing independent directors deliberated upon by the Respondents. Nonetheless, the Respondents have admitted the default in compliance with Regulations. It is also important to clarify that the submission of the Respondent vide its letter dated September 03, 2020 seeking relaxation from the requirements of CCG Regulations are not under the subject matter of proceedings under this subject SCN and the therefore not under the ambit of Adjudication Department. As already clarified in the hearing held on September 03, 2020, it is reiterated that the relevant department i.e. Corporate Supervision Department is the correct forum for seeking clarity on application and relaxation, if any, from requirements of CCG Regulations. Furthermore, the Respondent failed to file any evidence of seeking relaxation from requirements of the Regulations prior to proceedings initiated under the subject SCN.</p> <p>2. From the above discussion and after careful consideration of all the facts of this case, I am of the view that the provisions of sub-regulation (1) of Regulation 6 of CCG Regulations read with Section 512 of Act have been contravened and the Respondents are liable under the Regulation 41 of the CCG Regulations. Taking cognizance of the submissions of the Respondents and in exercise of the powers conferred under aforesaid provisions of the Act, I hereby impose penalty of Rs 25,000 (twenty-five thousand) each, on Mr. Muhammad Afzal, Chairman and Mr. Nadeem Ellahi Sheikh, Chief Executive of the Company. I also warn all the Respondents to be careful and ensure compliance of law in future as committed by the Respondents.</p> <p>Penalty order dated September, 2020 was passed by Executive Director (Adjudication-I).</p>
2. Penalty Imposed	A penalty of Rs. 50,000/- (Fifty thousands) was imposed on the Company.



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3. Current Status of Order	No Appeal has been filed by the respondents
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