



# 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*

**Board of Directors of Panther Tyres Limited**

Number and date of Show Cause Notice (SCN)	2(421)SMD/Adj-1/2023-924 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 the Board of Directors (**the Respondents**) of Panther Tyres Limited (**the Company**) through Show Cause Notice No. 2(421)SMD/Adj-1/2023-924 dated May 09, 2023 (**the SCN**) issued under Section 106 of the Securities Act, 2015 (**the Act**) on account of alleged violation of Section 101 and Section 103 of the Securities Act, 2015 of the Act read with regulation 3(1) and regulation 3(4) 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 Directors at its Extraordinary General Meeting (EOGM) held on December 28, 2022. The names of Directors are as follows;

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

3. In terms of Sections 101(1) and 103 of the Act read with regulations 3(1) and 3(4) of the Regulations, the Respondents/Directors were 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 Directors/Respondents have not filed their Form 1 and Form 5 except in case of Ms. Ayesha Iftikhar, where Form 1 was filed on January 1, 2023 and Form 5 was filed with a delay of 58 days i.e. on March 08, 2023.

4. The Commission vide letter dated March 08, 2023 sought explanation from the Respondents





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with respect to their aforesaid alleged non-compliance. In this regard, the Company responded vide letter dated March 20, 2023 that the requirement of Form 5 has already been compiled with as the Directors filed their respective Forms at the time of their respective appointment as under:

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. In response to SCN, the Company Secretary submitted vide letter dated May 16, 2023 the reply on behalf of the Respondents 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.*

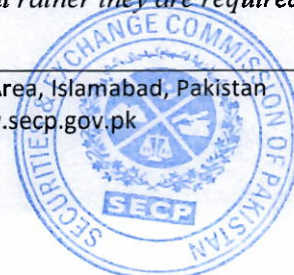
*The directors of the Company are well aware of their fiduciary responsibilities and used to submit Forms 1 and Forms 5 in compliance with Section 101 and Section 103 respectively of the Securities Act 2015 for onward submission to the Commission by the Company Secretary. I am of the view that directors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

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

*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*





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*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."*

6. The Respondents were 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 Representative (the Representatives) of the Respondents. 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 5 by the Directors/Respondents. Moreover, the representatives added that their understanding related to filling of Form-5 was that it is mandatory to file form at the time of new appointment due to which Ms. Ayesha Iftikhar filed her Form 1 at the time of her fresh appointment. However, subsequent filing has been made by the Respondents and the Representatives requested that a lenient view may be taken in the matter.

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

### **Section 101(1) of the Act:**

**"101. Duty of directors and others to disclose shareholding in listed company.—**

*(1) Every person who becomes a director, executive officer, or substantial shareholder of a listed company shall give notice in writing to the company*

*(a) of his beneficial ownership in the listed equity securities of the company or any other nature of securities as may be prescribed by the Commission; and*

*(b) of the amount and description of the securities of the company and date of acquisition of beneficial ownership."*

### **Section 103 of the Act:**

**"103 - Notification to the Commission of directors and others' interest.—**

*(1) Every director, executive officer or substantial shareholder of a listed company shall submit to the Commission in the prescribed form -*

*(a) a statement of beneficial ownership in the listed equity securities of the company or any other nature of securities as may be prescribed by the Commission;*

*(b) the particulars of any change in the interest aforesaid; and*

*(c) any change in his position.*

*(2) The reporting requirement imposed by sub-sections (1) shall be fulfilled before the expiration of a period of seven days beginning with the day on which the requirement first arises.*





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### Regulations 3(1) and 3(4) of the Regulations:

**"3 – Reporting of Beneficial ownership in listed equity securities under Section 101 to Section 103 of the Act:**

(1) *Any person who becomes a director, executive officer or substantial shareholder of a listed company shall give notice in writing to the company in Form 1 of his beneficial ownership in the securities of the Company and in Form 2 for any subsequent change therein or gain therefrom.*

(2) -----

(3) -----

(4) *The directors, executive officers and substantial shareholders of the equity securities in a listed company shall in accordance with section 103 of the Act submit statement of Beneficial ownership in Form 5 and report any subsequent change therein or position to the Commission on Form 6."*

8. 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 5 is applicable on 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.

9. 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-5 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.

10. I have gone through the facts of the case and considered both written as well as verbal submissions of the Respondents/Representatives in light of the applicable provisions mentioned in the preceding paras and the available record and noted that the Respondents were required to file their returns of beneficial ownership on Form 1 with the Company and Forms 5 with the Commission, within seven (07) days of becoming director of the Company, as required under Section 101(1) of the Act read with regulation 3(1) of the regulations and Section 103 of the Act read with regulation 3(4) of the Regulations. However, the Respondents failed to file their Form 1 and Form 5 except in case of Ms. Ayesha Iftikhar, where though Form 1 was filed on January 1, 2023 but Form 5 was filed with a delay of 58 days i.e. on March 08, 2023.

11. In view of the foregoing and the verbal submissions made by the Respondents, non-compliance/contravention of the provisions Section 101(1) of the Act read with regulation 3(1) of the regulations and Section 103 of the Act read with regulation 3(4) of the Regulations have been established and same have also been admitted by the Authorized Representative. Therefore, in exercise of the powers conferred upon me under Section 106(2)(a) of the Act, I hereby impose a penalty of **Rs.32,500/- (Pak Rupees Thirty-Two Thousand & Five Hundred Only)** on the Respondents, in the following manner:





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S. No.	Name of Director(s)	Amount of Penalty Imposed (Rs.)
1.	Mian Iftikhar Ahmad	5,000
2.	Mian Faisal Iftikhar	5,000
3.	Iqbal Ahmad Khan	5,000
4.	Asad Sultan Chaudhary	5,000
5.	Javed Masud	5,000
6.	Zahid Mahmud	5,000
7.	Ms. Ayesha Iftikhar	2,500
<b>Total</b>		<b>32,500</b>

12. The Respondents are 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.

13. 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:**  
July 17, 2023  
Islamabad