**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 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 Regulation 6 (1) and Regulation 36 (1) of the Listed Companies (Code of Corporate Governance) Regulations, 2019 read with Regulation 37 thereof and Section 512 of the Companies Act, 2017  Brief Facts of the case are that the Company held election of directors in its annual general meeting (**the** **AGM**) on October 25, 2019 wherein seven directors were elected including one independent director namely Mr. \*\*\*\*\* as against the requirement of appointing at least two (2) or one third members of board, whichever is higher as independent directors in terms of regulation 6 of the Regulations. Moreover review of the audited financial statements for the periods ended June 30, 2019, June 30, 2020 and June 30, 2021 (**the Accounts**) transpired that despite having only one independent director on its Board, the Company in its Statement of Compliance with the Regulations for the year ended June 30, 2021 stated that it has complied with all mandatory provisions of the Regulations thus violating the provisions of regulation 36(1) of the Regulations. |
| 1. Action Taken | Key findings were reported in the following manner:  I have gone through the facts of case and considered the verbal submissions of the Representative in light of the relevant provisions of the law and state that the Respondents have acknowledged non-compliance of regulation 6 & 36 of the Regulations and, therefore, are liable for penalty under regulation 37 of the Regulations read with Section 512 of the Act.  Keeping in view the above, I, in exercise of the powers conferred under regulation 37 of the Regulations read with Section 512 of the Act, hereby impose penalty of **Rs. 50,000/- (Rupees Fifty 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 or violation of the Act. |
| 1. Penalty Imposed | **Rs. 50,000/- (Rupees Fifty Thousand only**) |
| 1. Current Status of Order | No Appeal has been filed by the respondents. |