



Securities and Exchange Commission of Pakistan

Adjudication Division Adjudication Department

Before

Amir M. Khan Afridi, Director/HOD (Adjudication-I)

In the matter of Show Cause Notice issued to Dewan Mushtaq Textile Mills Limited

Date of Hearing

April 12, 2022, April 26, 2022, May 23, 2022

Order-Redacted Version

Order dated May 28, 2022 was passed by Director/Head of Department (Adjudication-I) in the matter of Dewan Mushtaq Textile Mills Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated March 25, 2022
2. Name of Company	Dewan Mushtaq Textile Mills Limited
3. Name of Individual*	The proceedings were initiated against Dewan Mushtaq Textile Mills Limited and its directors.
4. Nature of Offence	Under sub-regulation (1) of regulation 6 Listed Companies (Code of Corporate Governance) Regulations, 2019 read with regulations 37 thereof and Section 166 of Companies Act, 2017 read with Sections 169 and 479.
5. Action Taken	<p>Key findings were reported in following manner:</p> <p>I have gone through the facts of the case, considered the submissions made in writing as well as during the hearing proceedings in light of the aforementioned legal provisions. In this regard I would like to mention here that in terms regulation 6(1) of the CCG Regulations, Company is required to appoint at least two or one third members of the Board, whichever is higher, as independent directors on its board. Moreover, Section 166(1) of the Act requires that independent director shall be appointed from the PICG's databank. In the instant matter, it is observed that the Respondent appointed only one independent director namely Mr. *****, on its board, instead of two. Non-appointing at least two individuals as independent directors, from the data bank of PICG is violation of regulation 6(1) of the CCG Regulations. Moreover, it is observed that Mr. ***** is not even registered with PICG databank, which is in violation of Section 166(1) of the Act.</p> <p>While taking cognizance of the submissions made by the Company and after careful consideration of all the facts of this case I am of the view that the Respondents have contravened requirements of sub-regulation (1) of regulation 6 of the CCG Regulations and Section 166(1) of the Act. The Respondents are therefore liable for penalty under Section 169 and section 512(2) of the Act.</p>



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	<p>Therefore, I hereby impose penalty of Rs.100,000/- (Rupees one hundred thousand only) on the Company. The rest of the Respondents are hereby warned to adhere to compliance with all the applicable regulatory laws including the CCG Regulations.</p> <p>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, violation of the Act.</p>
6. Penalty Imposed	A Penalty of Rs. 100,000/- (Rupees One hundred thousand only) was imposed on the Company.
7. Current Status of Order	No appeal has been filed by the respondents.