**Before**

**Amir M. Khan Afridi- Director/ Head of Department**

**In the matter of Show Cause Notice issued to International Knitwear Limited**

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| Dates of Hearing | June 01, 2022; & July 19, 2022 |

**Order-Redacted Version**

Order dated July 25, 2022 was passed by Director/Head of Department (Adjudication-I) in the matter of International Knitwear Limited. Relevant details are given as hereunder:

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| **Nature** | **Details** |
| 1. Date of Action | Show cause notice dated May 13, 2022 |
| 1. Name of Company | International Knitwear 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 Section 166 of the Companies Act, 2017 (**the Act**) read with Sections 169 and 479 thereof  Brief facts of the case are that record of the Company, available with the Securities and Exchange Commission of Pakistan (**the Commission**) transpired that election of directors of the Company was held on October 27, 2021 wherein two individuals namely Ms. \*\*\*\*\*, and Mr. \*\*\*\*\* were elected as independent directors on the Board of Directors (**the Board**) of the Company.  The Commission inquired from the Company regarding status of registration/ enrolment of the said two independent directors in the databank maintained by the Pakistan Institute of Corporate Governance (**the** **PICG**) for the purpose of appointing qualified individuals as independent directors by the companies in terms of Section 166 of the Act. The Company in its reply vide letter dated March 09, 2022 stated that names of both the aforesaid independent directors are not registered in the databank of PICG, which is contravention of Section 166 of the Act. |
| 1. Action Taken | Key findings were reported in the following manner:  I have gone through the facts of the case, considered both the written and oral submissions submitted by the Respondents, in light of the record available with the Commission and the aforementioned legal provisions and state that: (i) Ms. \*\*\*\*\* and Mr. \*\*\*\*\* were elected as independent directors in the election of directors held on October 27, 2021. It was acknowledged that by the Respondents that names of Ms. \*\*\*\*\* and Mr. \*\*\*\*\* were not registered in the databank maintained by PICG at the time of elections, however, after the hearing, the said non-compliances were ratified and evidence of registration both Ms. \*\*\*\*\* and Mr. \*\*\*\*\* in databank of PICG, was provided.  Keeping in view the above, it is stated that contravention of Section 166 of the Act, at the relevant point of time, has been established and same has been admitted by the Respondents as well. However, keeping in view the fact that the non-compliance has now been ratified, therefore, I in exercise of the powers conferred under Section 169 hereby conclude the instant proceedings without imposing any penalty on the Respondents. The Respondents, however, are advised to ensure compliance with the applicable regulatory requirements including Section 166 of the Act in letter and spirt, in future.  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. |
| 1. Penalty Imposed | **No penalty has been imposed on the respondents** |
| 1. Current Status of Order | No Appeal has been filed by the respondents. |