

**Before Amir M. Khan Afridi - Head of Department**  
**In the matter of Show Cause Notice issued to Towellers Limited**

Date of Hearing:

February 11, 2022

**Order - Redacted Version**

Order dated June 7, 2022 was passed by Head of Department (Adjudication-I) in the matter of Towellers Limited. Relevant details are given as hereunder:

<b>Nature</b>	<b>Details</b>
1. Date of Action	Show cause notice dated January 6, 2022
2. Name of Company	Towellers Limited
3. Name of Individual*	The proceedings were initiated against the Company and its Board of Directors ( <b>Respondents</b> ).
4. Nature of Offence	<p>Proceedings were initiated in terms of the Section 166 of the companies Act, 2017 (<b>the Act</b>) read with Section 169 thereof.</p> <p>Brief facts of the case are that review of notice of the Annual General Meeting (<b>the AGM</b>) of the Company held on October 27, 2021 transpired that one of the elected independent directors was not enrolled in the databank of individuals maintained by the Pakistan Institute of Corporate Governance (<b>PICG</b>) for the purpose of appointing independent directors, contrary to the requirements of sub-section (1) of Section 166 of the Act read with Clause 6(1) of the Listed Companies (Code of Corporate Governance) Regulations, 2019.</p>
5. Action Taken	<p>Key findings were reported in the following manner:</p> <p>I have analyzed the facts of the case, considered the written submissions and arguments set forth during the hearing in light of the relevant provisions of law and observed that by appointing the independent director not enrolled in the databank maintained by the PICG at the time of election of directors, the Respondents have contravened the provisions of sub-section (1) of Section 166 of the Act.</p> <p>It is pertinent to note that it was the responsibility of the Respondents to take steps to enable independent directors to be elected on the Company's Board to be selected from the databank of individuals maintained by PICG for this purpose. Moreover, PICG's databank was operational from July 2018 providing ample time to the Respondents to take appropriate steps prior to the elections to enable inclusion of two independent directors through the subject elections. Thus, the Respondents elected an independent director who was not in the databank maintained by the PICG.</p> <p>In view of the foregoing, taking cognizance of the submissions of the Respondents and in exercise of the powers conferred under Section 169 of the Act, I hereby impose penalty of Rs. 50,000 (Rupees fifty thousand only) on Towellers Limited.</p>
6. Penalty Imposed	Penalty of Rs. 50,000/- imposed on the Company.
7. Current Status of Order	No Appeal has been filed by the Company.

**Redacted version issued for placement on website of the Commission.**