



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department- I

Adjudication Division

Order

In the Matter of

International Knitwear Limited

Number and Date of SCN: CSD/ARN/535/2018-413
dated August 12, 2024

Hearing Date: November 29, 2024

Present: Mr. Mashkooor Ahmed, FCA
Mr. S. M. Suhail, FCA
Mr. Muhammad Shazaib
as the Authorized Representatives

Under Section 237 read with Section 479 of the Companies Act, 2017

This Order shall dispose of the proceedings initiated by the Securities and Exchange Commission of Pakistan (**the Commission**), through Show Cause Notice CSD/ARN/535/2018-413 dated August 12, 2024 (**the SCN**) issued under Section 237 of the Companies Act, 2017 (**the Act**) read with Section 479 thereof and Circular No.11 dated August 11, 2023 (**Circular**), against the Board of Directors, Chief Executive Officer (CEO) and Chief Financial Officer (CFO), hereinafter collectively referred to as the **Respondents**, of International Knitwear Limited (**the Company**).

2. The brief facts of the case are that from the perusal of relevant record, it transpires that the Company had failed to file/transmit with the Registrar/Commission, its Quarterly Financial Statements (QFS) for the following periods:

| Period Ended | Due on |
|-------------------|-------------------|
| March 31, 2024 | April 30, 2024 |
| December 31, 2023 | February 29, 2024 |

3. The relevant provisions of the Act stipulate as under:

“237. Quarterly financial statements of listed companies. — 1) Every listed company shall prepare quarterly financial statements within a period of :-

- a) thirty days from the close of first and third quarters of its year of accounts; and*
b) sixty days from the close of its second quarter of its year of accounts.

Page 1 of 4

2) The quarterly financial statements shall be posted on the company's website for the information of its members and also be transmitted electronically to the Commission, securities exchange and with the registrar within the period specified under sub-section (1).

...

4) If a company fails to comply with any of the requirements of this section, every director, including chief executive and chief financial officer of the company who has by his act or omission been the cause of such default shall be liable to a penalty of level 2 on the standard scale."

4. In taking cognizance of the matter, the SCN was issued to the Respondents. In response, the Company Secretary vide letter dated August 21, 2024 filed written response to the SCN, *inter alia*, stating the following:

- In compliance with Section 237(2) of the Companies Act, 2017, the Company posted all QFS on its Website within the stipulated time.
- We have transmitted quarterly and annual financial statements to SECP regularly in Excel and PDF format on the designated email address but could not submit the same through eServices of the Commission because the eService system could not respond/accept the filing and the same was also intimated to the Commission vide letter dated March 19, 2024. We have been informed by the Commission that there are some technical problems in the system which will be resolved soon.
- We successfully uploaded the QFS for the periods ending March 31, 2024 and December 31, 2023 through eZfile on August 20, 2024.
- Considering general problem with submission and compliance history, it is requested not to take any action. We assure strict compliance of Law in future.

5. Subsequently, S. M. Suhail & Co., Chartered Accountants, as the Authorized Representatives on behalf of the Respondents (**the Representatives**) vide letter dated November 26, 2024, *inter alia*, submitted as follows:

- The Company has submitted the QFS on the SECP web portal as per following details:

| Period Ended | Submission Date |
|-------------------|-----------------|
| March 31, 2024 | August 20,2024 |
| December 31, 2023 | August 20,2024 |

- The delay in submission was due to some technical problems in uploading the QFS at the SECP web portal and intimated the Commission through letter dated March 19, 2024. The QFS were submitted with the applicable late filing fees prescribed by the SECP in this regard. Hence, the delay in submission of the QFS was neither willful nor intentional.

- The Company has a long history of timely compliance and, regular submission of the financial statements to the SECP. The Company remains committed in making compliance with all the SECP requirements.
- In view of the above-stated factual position and the payment of the applicable late filing fee, it is requested to conclude the proceeding without any adverse opinion.

6. To provide an opportunity for personal representation, hearing in the matter was fixed for November 29, 2024. Mr. Mashkooor Ahmed, FCA, Mr. S. M. Suhail, FCA and Mr. Muhammad Shazaib, appeared as the Authorized Representatives and reiterated the written responses submitted vide letters dated November 26, 2024 and August 21, 2024.

7. Subsequently, the Representatives vide letter dated December 4, 2024 made additional submissions which *inter alia*, stated as follows:

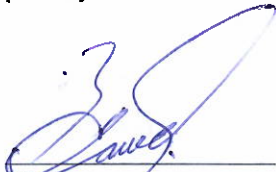
- The delays in submission of QFS was due to technical issues encountered on the SECP web portal during the sign-up process which do not allow uploading QFS.
- The Company transmitted the QFS via email to the SECP and the screenshots of the emails sent to SECP, from which it is evident that the Company tried its level best for timely submission of QFS, thus there is “no” non-compliance on part of Company.
- The company uploaded the QFS along with the prescribed late fee once the issue was resolved.
- The Company has a history of regular compliance to all SECP regulations, including timely submission of financial statements. The delay in compliance by the company was neither willful nor intentional.
- The Company made compliance within the stipulated time in an alternate way. Therefore, request that the matter may be concluded without any adverse action or penalty

8. I have considered the facts of the case based on the relevant provisions of the Act, available record of Company, as well as the written and verbal submissions of the Representative, it is imperative to discuss the following elements:

- In terms of Section 237 of the Act, every company is required to file/transmit QFS within thirty days from the close of first and third quarters and within sixty days from the close of its second quarter of its year of accounts. QFS are source of information for stakeholders/members. It provides timely insights into a company's financial performance and such information is essential for assessing the company's overall financial health.

- In order to ensure transparency, the Company is required to meticulously adhere to the provisions of Section 237 of the Act for timely filing/transmission of QFS and the Respondents, in any manner whatsoever, cannot absolve themselves from their statutory duties pertaining to afore-said section of the Act.
- The Company provided screenshots of the email dated February 29, 2024 sent to the Commission in respect of timely transmission of QFS. Further, the Company has timely transmitted QFS to PSX through PUCARS.
- The Company uploaded the QFS along with the **late fee prescribed by the Commission** Furthermore, the Company has a history of compliance, in respect of timely submission of QFS.

9. In view of the preceding facts, I have concluded that the delay in filing the Company's QFS was caused by a system glitch and cannot be regarded as a default on the part of the Respondents. Considering the given circumstances that the Company has compliance history, timely transmitted the QFS to PSX and timely placed the same on Company's website. I, in exercise of powers conferred under sub-section (4) of Section 237 of the Act, hereby conclude the proceedings initiated through the SCN against the Respondents, without imposing any penalty.



Mahboob Ahmad
Additional Director/Head of Wing
Adjudication Department – I
Listed Companies Wing

Announced:
December 13, 2024
Islamabad