



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department- I

Adjudication Division

| ORDER | |
|--------------------------------------|---|
| Name of Company | Khalid Siraj Textile Mills Limited |
| Number and Date of Show Cause Notice | CSD/ARN/157/2015-605 dated November 15, 2024 |
| Respondents | 1. Mian Tayyab Iqbal, Chief Executive\Director 2. Mian Iqbal Barkat, Director 3. Mian Hassan Barkat, Director 4. Mian Tahir Iqbal, Director 5. Mrs. Abida Iqbal, Director 6. Mrs. Rafia Hassan, Director 7. Mr. Muhammad Musaddaq, Director 8. Mr. Nabeel Ahmed, Chief Financial Officer |
| Date(s) of Hearing opportunities | (i) December 09, 2024; (ii) January 03, 2025; and (iii) February 04, 2025 |
| Case Represented By | Mr. Muhammad Naeem Wazir (Authorized Representative on behalf of the Company) |
| Provision of Law Involved | Section 237 of the Companies Act, 2017 read with Section 479 thereof and Circular No.11/2023 |

This Order shall dispose of the proceedings initiated by the Securities and Exchange Commission of Pakistan (the Commission), through Show Cause Notice No. CSD/ARN/157/2015-605 dated November 15, 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 M/s. Khalid Siraj Textile Mills Limited (the Company).

2. The brief facts of the case are that from the perusal of relevant record, it transpired that the Company has failed to file/transmit through e-Services/eZfile with the Registrar/Commission, its first Quarterly Financial Statements (QFS) for the following period:

| Period Ended | Due on | Date of Filing/Transmission of QFS with the Registrar/Commission |
|--------------------|------------------|--|
| September 30, 2024 | October 30, 2024 | Not filed/ transmitted |

Further, QFS for the afore-mentioned period were not posted on the website of the Company.

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.

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. Taking cognizance on the subject, the SCN dated November 15, 2024 was issued to the Respondents to show the cause in writing as to why penal action may not be taken against them for non-compliance with the provisions of Section 237 of the Act. However, in response to the SCN, no submissions were made by the Respondents.

5. In order to provide the Respondents an opportunity of personal representation in the matter, hearing was fixed for December 09, 2024, but no one appeared. Consequently, another hearing was fixed for January 03, 2025. The Respondents once again failed to join the proceedings.

6. In order to conclude the matter and to meet the ends of justice in a bona fide manner, a final hearing was fixed for February 04, 2025, which was attended by Mr. Muhammad Naeem Wazir, as the Authorized Representative (**the AR**) on behalf of the Respondents. It is pertinent to note that the AR declared himself to be representing all eight (08) Respondents in the subject matter but failed to submit the formal Authorization Instrument in respect of Company's Chief Financial Officer. The AR admitted the violation of Section 237 of the Act and explained that the members of the BoD were out of the country and the accounts had not been finalized. The AR assured that the Respondents would implement necessary measures to ensure compliance with legal requirements in future and requested for a lenient view in the matter. The AR further stated that the QFS for the afore-said quarter has been filed on February 07, 2025. The AR stated that as no written arguments submitted, thereby the verbal arguments presented during the hearing may be considered as comprehensive and sufficient.

7. I have considered the facts of the case based on the verbal submission, provisions of Section 237 of the Act and the available record with this office in respect of case at hand. At this juncture, it is imperative to discuss the following legal and factual elements:

(i) In terms of Section 237 of the Act, every company is required to file/transmit QFS within thirty days (30) from the date of close of its first quarter of its year of accounts. QFS are crucial 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.

(ii) 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.

(iii) Furthermore, as per the available records, the Commission also took an earlier penal action against the BOD and Company's CFO through its Order dated February 21, 2023 in a similar matter. This demonstrates a pattern of recurring non-compliance by its BOD and CFO, reflecting a lack of commitment to adhering to the regulatory requirements. However, it has been observed that the QFS for the quarter ended September 30, 2024 filed with Commission on February 04, 2025 i.e. with a delay of 96 days and placed on the PSX website on February 06, 2025 and.

(v) Lastly, while the AR acknowledged the violation of the law, the explanation provided during the hearing failed to adequately justify the delay in filing the QFS within the prescribed timeframe. No substantial obstacles or compelling reasons were presented to excuse the non-compliance. Moreover, the assurance provided by the AR to undertake post-compliance does not absolve the Respondents from the established non-compliance.

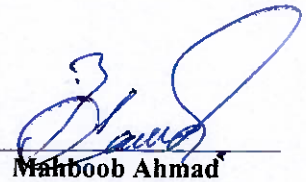
8. In view of the preceding facts, I am of the considered view that by failing to prepare, file/transmit the QFS for the period ended September 30, 2024, within the prescribed timeframe and by not posting the same on the Company's website, the contravention with the requirements of Section 237

of the Act read with Circular has been established beyond doubt which attracts penal action in terms of sub-section (4) of Section 237 of the Act. I, therefore, in the exercise of the powers conferred upon me under sub-section (4) of Section 237 of the Act vide S.R.O. 1545(I)/2019 dated December 6, 2019, hereby, impose an aggregate penalty of Rs. **Rs.80,000/- (Rupees Eighty Thousand only)** on the Respondents in the following manner:

| S.No. | Name of Respondents | Penalty Amount (Rs.) |
|-------|-----------------------|----------------------|
| 1. | Mian Tayyab Iqbal | 10,000 |
| 2. | Mian Iqbal Barkat | 10,000 |
| 3. | Mian Hassan Barkat | 10,000 |
| 4. | Mian Tahir Iqbal | 10,000 |
| 5. | Mrs. Abida Iqbal | 10,000 |
| 6. | Mrs. Rafia Hassan | 10,000 |
| 7. | Mr. Muhammad Musaddaq | 10,000 |
| 8. | Mr. Nabeel Ahmed | 10,000 |
| | Total Amount | 80,000 |

Further, the Respondents are also advised to ensure meticulous compliance with all applicable laws in true letter and spirit, henceforth.

9. The Respondents are, hereby, directed to deposit the aforesaid amount of penalty in the designated bank account maintained in the name of the Commission with MCB Bank Limited or United Bank Limited within thirty (30) days from the date of this Order and to furnish a receipted bank challan to the Commission forthwith. In case of failure to deposit the penalty, the proceedings under Section 485 of the Act will be initiated for recovery of the fines as arrears of land revenue pursuant to provision of Section 42B of the Securities and Exchange Commission of Pakistan Act, 1997.



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

Announced:
February 14, 2025
Islamabad.

