



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department- I

Adjudication Division

| ORDER | |
|-------------------------------|--|
| Name of Company | Din Textile Mills Limited |
| Show Cause Notice No. & Date: | CSD/ARN/278/2016-456 dated September 26, 2024 |
| Date(s) of Hearing(s): | December 09, 2024 |
| Case represented by: | Mr. Muhammad Naveed Yar Khan (Company Secretary) "the Authorized Representative" |
| Provision of law involved: | Under Section 237 of the Companies Act, 2017 read with Section 479 Thereof and Circular No. 11 of 2023 dated August 11, 2023 |

This Order shall dispose of the proceedings initiated by the Securities and Exchange Commission of Pakistan (**the Commission**), through Show Cause Notice CSD/ARN/278/2016-456 dated September 26, 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 Din Textile Mills Limited (**the Company**).

2. The brief facts of the case are that from the perusal of relevant record, it transpires that the Company has filed/transmitted with the Registrar/Commission, its second Quarterly Financial Statements (**QFS**) with a delay of 60 days as detail provided hereunder:

| Period Ended | Due on | Date of Filing/Transmission of QFS with the Registrar/Commission |
|-------------------|-------------------|--|
| December 31, 2023 | February 29, 2024 | April 29, 2024 (delay of 60 days) |

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. While taking cognizance of the matter, the SCN was issued to the Respondents. In response, the Company Secretary vide letter dated September 30, 2024 filed written response to the SCN, *inter alia*, stating the following:

- i. The Company submitted its QFS for the period ended December 31, 2023, via the eZfile portal on February 29, 2024. The submission was completed under application id **20240229_1980799**, and the Company provided fee challan as supporting evidence.
- ii. At the time of submission, the status of the QFS was reflected as "filing of quarterly accounts is under review." However, later on, it was observed that the QFS were still appearing as "under process" and had not been filed, despite prior submission.
- iii. Therefore, in order to ensure the accurate and timely filing of all relevant accounts the QFS were again filed on 29th April 2024, with application id, **20240429_2564502**. The system malfunction caused significant delay in meeting the prescribed filing deadline and was not an intentional error on the part of the Company.

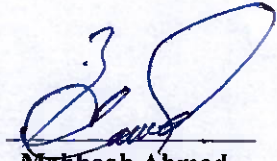
5. To provide an opportunity for personal representation, hearing in the matter was fixed for December 09, 2024. Mr. Muhammad Naveed Yar khan, Company Secretary appeared as the Authorized Representative on behalf of the Respondents (**the Authorized Representative**) and reiterated the written response submitted vide letter dated September 30, 2024.

6. 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 Respondents and its Authorized Representative. 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 sixty days from the date of close of its second 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. Keeping in view stated facts of the case, I have observed that the respondents filed the QFS on February 29, 2024 as required by Act and also evident from the submitted screenshots of approval extracted from eZfile system and paid fees challan. However, later on, the system then was still showing the QFS as not filed. Therefore, the QFS were again filed on April 29, 2024 and same were approved, date of approval extracted from eZfile system attached by Company Secretary along letter.

Order in the matter of Board of Directors, Chief Executive Officer and Chief Financial Officer of M/s Din Textile Mills Limited.

7. Therefore, in view of the preceding facts, I have concluded that the delay in filing the QFS was caused by a system glitch and it cannot be regarded as a default on the part of the Respondents. Considering the given circumstances, I, in the 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:

January 13, 2025
Islamabad

