



# SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

## Adjudication Department- I

### Adjudication Division

ORDER	
Name of Company:	M/s Dewan Mushtaq Textile Mills Limited
Show Cause Notice No. & Date:	CSD/ARN/206/2015-416 dated May 06, 2025
Name(s) of Noticee(s):	(i) Mr. Ishtiaq Ahmed, Director/CEO; (ii) Syed Asim Abid Ali, Director; (iii) Mr. Waseem-ul-Haq Ansari, Director; (iv) Syed Maqbool Ali, Director; (v) Mr. Aziz-ul-Haque, Director; (vi) Mrs. Nida Jamil, Director; (vii) Mr. Ghazanfar Baber Siddiqi, Director; and (viii) Mr. Muhammad Irfan Ali, CFO
Date(s) of Hearing(s):	(i) May 28, 2025; (ii) May 30, 2025; and (iii) June 11, 2025
Case Represented by:	(i) Mr. Mehmood-ul-Hassan Asghar, Director Group Corporate; and (ii) Mr. S.M. Raza, Director Group Taxation and Corporate Affairs (as the Authorized Representatives)
Provision of Law Involved:	Section 237 of the Companies Act, 2017 read with Section 479 thereof and Circular No.11 of 2023 dated August 11, 2023
Date of Order:	June 12, 2025

This Order shall dispose of the proceedings initiated by the Securities and Exchange Commission of Pakistan (the Commission) through the Show Cause Notice No. CSD/ARN/206/2015-416 dated May 06, 2025 (the SCN) against the Board of Directors, Chief Executive Officer (CEO) and Chief Financial Officer (CFO), of M/s Dewan Mushtaq Textile Mills Limited (the "Company") hereinafter collectively referred to as (the "Noticee(s)") under Section 237 of the Companies Act, 2017 (the Act) read with Section 479 thereof and Circular No.11 dated August 11, 2023 (the "Circular").

2. The provisions of sub-section (1) of Section 237 of the Act requires all public listed companies to prepare its Quarterly Financial Statements ("QFS") within thirty days of the close of their first and third quarters of their year of accounts and within sixty days of the close of their second quarter of their year of accounts. Sub-section (2) of Section 237 of the Act requires the listed companies to post on their website quarterly financial statements for information of members and also electronically transmit the same to the Commission, Securities Exchange and with the Registrar within the period specified under sub-section (1).

3. The brief facts of the case are that the Company being a public listed company was required to file/electronically transmit its QFS for the quarter ended December 31, 2024 with the Registrar/Commission, within sixty (60) days of the close of the said quarter i.e. latest by March 01, 2025. However, as per the relevant record of the Commission, it has *prima facie* failed to file/transmit the aforesaid QFS with the Registrar/Commission.

4. As per the requirements of the Circular, all listed companies are *inter alia* required to file their QFS through eService/eZfile of the Commission, and such filing is considered as compliance of Section 237(2) of the Act with respect to filing/transmission of QFS to the Commission/Registrar. The relevant provisions of law are reproduced hereunder:

**"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).*

(3).....

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."*

5. Taking cognizance of the alleged violation of law, SCN was served upon the Noticee(s) on May 06, 2025 to show the cause in writing as to why a penal action may not be taken against them for non-compliance of the requirements of Section 237 of the Act read with the Circular. However, no written response to SCN was made by the Noticee(s).

6. In order to provide an opportunity for personal representation, a hearing in the matter was fixed for May 28, 2025, the hearing was re-fixed for May 30, 2025. Syed Maqbool Ali, Director requested an adjournment vide letter dated May 29, 2025, thereafter the hearing was re-fixed for June 11, 2025. On the date of hearing, Mr. Mehmood-ul-Hassan Asghar, Director Group Corporate and Mr. S.M. Raza, Director Group Taxation and Corporate Affairs appeared on behalf of all the Noticee(s) as the Authorized Representatives (the "**Authorized Representatives**"). During the hearing, the Authorized Representatives submitted that the Company is getting stabilized and that they are in the process of reconciliation of their data. The Authorized Representatives gave assurance on behalf of all the Noticee(s) to submit the half-yearly accounts for the quarter ended December 31, 2024 by the end of July 2025.

7. I have gone through the relevant provisions of Section 237 of the Act and the requirements of the Circular and considered the facts of the case, available record of the Company, as well as written and verbal submissions of the Authorized Representatives. I have also perused Section 237(4) of the Act, which stipulates penal provisions for contravention of the afore-referred provisions of law. I have noted that in terms of Section 237(2) of the Act, every listed company is required to file/transmit its QFS within sixty (60) days from the date of close of its second quarter of its year of accounts. QFS are a crucial source of information for the stakeholders, especially shareholders, of a public listed company. It provides timely insights into a company's financial performance and such information is essential for assessing the company's overall financial health.

8. The provisions of Section 237 of the Act unambiguously and explicitly obligate the Company to file/transmit its QFS in a timely manner. In this respect, reliance is placed on an Order passed by the Appellate Bench of the Commission on March 01, 2023 (*in Appeal No. 73 of 2022- Gulistan Textile Mills Limited, vs. SECP*), whereby it was held that a public listed company has higher responsibility to disseminate true and accurate state of affairs to all the stakeholders in a timely manner so that they may take appropriate decisions. In another case cited as 2024 CLD 672 [*Appeal No. 77 of 2021 decided on August 25, 2023*], the Appellate Bench of the Commission held that "*...interim financial statements prepared accurately and in timely manner, provide a reliable source of information regarding a company's financial position and performance to its users, besides illustrating regarding the results of the management's stewardship of resources entrusted to it...*" The significance of transmitting quarterly financial statements of a listed company in a timely manner is also echoed in 2024 CLD 635 – Appeal No. 78 of 2021 decided on August 25, 2023, and 2024 CLD 415 – Appeal No. 97 of 2020 decided on August 25, 2023.

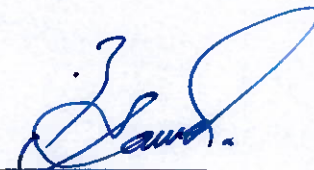
9. The Company has not provided any documentary evidence to support the delay in submission of QFS. The internal issues do not absolve the Company from timely filing/transmission of the QFS.

Further, allowing additional time for filing of QFS is not part of this proceedings, therefore, cannot be considered. It is pertinent to note that ensuring timely compliance with legal and regulatory requirements is the fundamental responsibility of the BOD, regardless of internal challenges. Under the fiduciary duty to obey law, “*Directors have a duty to comply with the law*”. In 2019 CLD 355 Islamabad [Inam Ullah Khan vs Aksa Solutions Development Services (Pvt.) Ltd] wherein it was highlighted that, “*It is settled law that Director of a company are saddle with the duty of loyalty, trust and utmost good faith. They are under a duty to act with diligence and care. Such a duty is termed as ‘fiduciary’*”. The Directors, therefore, owe a fiduciary duty towards the shareholders and company. The provisions of Section 237 of the Act explicitly require timely filing/transmission of QFS.

10. In view of the above-stated facts and circumstances, I am of the considered view that by failing to prepare and file/transmit the QFS for the quarter ended December 31, 2024, within the prescribed timeframe, the Company has contravened the requirements of Section 237(2) of the Act read with the Circular. I, therefore, in exercise of the powers conferred upon me under sub-section (4) of Section 237 of the Act read with S.R.O. 1545(I)/2019 dated December 06, 2019, hereby, conclude the instant proceedings by imposing an aggregate penalty of **Rs. 120,000 /- (Rupees One Hundred Thousand Only)** on the Noticee(s) on account of the aforesaid established default in the following manner:

S. No.	Name of the Noticee(s)	Amount of the Penalty (Rs)
1	Mr. Ishtiaq Ahmed, Director/CEO	15,000
2	Syed Asim Abid Ali, Director	15,000
3	Mr. Waseem-ul-Haq Ansari, Director	15,000
4	Syed Maqbool Ali, Director	15,000
5	Mr. Aziz-ul-Haque, Director	15,000
6	Mrs. Nida Jamil, Director	15,000
7	Mr. Ghazanfar Baber Siddiqi, Director	15,000
8	Mr. Muhammad Irfan Ali, CFO	15,000
<b>Total</b>		<b>120,000</b>

11. The Noticee(s) are hereby directed to deposit the aforesaid penalty in the designated bank account maintained in the name of Securities and Exchange Commission of Pakistan with MCB Bank Limited or United Bank Limited within thirty (30) days from the date of this Order and furnish receipted voucher issued in the name of the Commission for information and record. 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 the provisions 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:**  
June 12, 2025  
Islamabad

