



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department- I

Adjudication Division

ORDER	
Name of Company:	M/s. Hira Textile Mills Limited
Show Cause Notice No. & Date:	CSD/ARN/532/2018-369 dated April 25, 2025
Respondents:	(i) Mr. Muhammad Tariq, CEO\ Director; (ii) Ms. Zainab Malik, Director; (iii) Dr. Azhar Waheed, Director; (iv) Mr. Muhammad Awais Qarni Chaudary, Director; (v) Mr. Mohammad Hasnain Saeed Sohbin, Director; (vi) Mr. Muhammad Haseeb Awais, Director; and (vii) Mr. Mohammad Hasnain Saeed Sohbin, CFO
Date(s) of Hearing(s) Opportunities:	(i) May 16, 2025; and (ii) May 30, 2025.
Case Represented by:	Mr. Imran Bashir (As Authorized Representative)
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
Order dated:	May 30, 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/532/2018-369 dated April 25, 2025 (the “SCN”) against the Board of Directors, Chief Executive Officer (the “CEO”) and Chief Financial Officer (the “CFO”) of M/s. Hira Textile Mills Limited (the “Company”) hereinafter collectively referred to as the “Respondents” under Section 237 read with Section 479 of the Companies Act, 2017 (the “Act”) and Circular No.11 of 2023 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 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.

3. The brief facts of the case are that the Company being public listed company was required to electronically transmit its second quarterly financial statements for the quarter ended December 31, 2024 (the “Second Quarter”) with the Commission and the Registrar, within sixty (60) days of the close of the respective quarter i.e. latest by March 1, 2025. However, as per the relevant record of the Commission, it has *prima facie* failed to file/transmit Quarterly Financial Statements (QFS) for the Second Quarter with the Commission/ Registrar to date.

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/the 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).

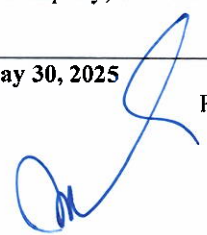
(3).....

(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 non-compliance of the requirements of law, SCN was served upon the Respondents on April 25, 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. In response, Mr. Imran Bashir on behalf of the Respondents vide its letter dated May 22, 2025 made the submissions that the Company acknowledges the importance of complying with legal provisions and timely dissemination of information to shareholders. Due to financial distress and the abrupt resignation of the CFO, the Company faced challenges in ensuring certain corporate compliances. Despite these issues, it has historically submitted interim financial statements within prescribed timelines. The delay in submitting interim financial statements for the period ended December 31, 2024, was due to factors beyond management’s control. The Company has since held its overdue AGM for 2024 on April 19, 2025, and disseminated the interim statements for September 30, 2024, on April 15, 2025. The half-yearly review of QFS for the period ended December 31, 2024, is in progress and, once finalized, QFS for period ended December 2024 and March 2025 will be filed/transmitted. The Company is making all efforts to comply with all statutory requirements and remains committed to transparency.

6. In order to meet the ends of justice and to provide opportunity of being heard to the Respondents, hearing in the matter was fixed for May 16, 2025, which was adjourned on the request of the Respondents. Subsequently, in order to provide a final opportunity to the Respondents for personal representation hearing in the matter was re-fixed for June 04, 2025 with a clear instruction that in case of non-appearance the matter would be decided ex-parte based on its merits and the record available with the Commission. However, Mr. Imran Bashir on behalf of the Respondents as the Authorized Representative vide its email dated May 30, 2025 requested that hearing may be rescheduled for May 30, 2025, which was accepted and hearing has been held on May 30, 2025. During the course of hearing the Authorized Representative reiterated the stance as submitted in his written response dated May 22, 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 Representative. 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 publicly 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. It is observed that the argument of financial distress and the abrupt resignation of the CFO doesn't absolve of the Respondents from mandatory statutory obligation. The Company was obligated to implement effective mechanism to address any such circumstances in order to ensure timely compliance. In the case law in the matter of Pakistan Telecommunication Company Limited v. Wateen Telecom Limited (CLD 2019 Lahore 1213): The Lahore High Court held that the failure to maintain a backup system for critical infrastructure was not a force majeure event, but rather a result of the company's own negligence.

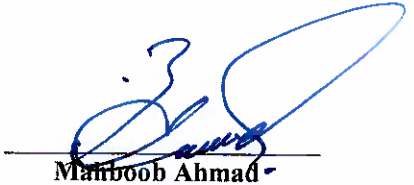
10. Furthermore, based on the available record of the Commission, it has been observed that in past the Company was non-compliant with respect to filing/transmission of QFS in timely manner and penalized through the Commission's order dated March 20, 2025. It has been further observed that the Company has not prepared and file/transmit the QFS for the Second Quarter till the date of this order.

11. In view of the above-stated facts and circumstances, I am of the considered view that by failing to prepare, file/transmit the QFS for the second quarter ended December 31, 2024, within the prescribed timeframe, the Respondents have contravened the requirements of Section 237(2) of the Act read with the Circular. I, therefore, in the exercise of the powers conferred upon me under sub-section (4) of Section 237 of the Act read with Section 479 thereof and S.R.O. 1545(I)/2019 dated December 6, 2019, hereby, impose an aggregate penalty of **Rs.120,000/- (Rupees One Hundred and Twenty Thousand only)** on the Respondents in the following manner:

S.No.	Name of Respondents	Amount of the Penalty Rs.
1.	Mr. Muhammad Tariq, CEO\ Director;	20,000
2.	Ms. Zainab Malik, Director;	20,000
3.	Dr. Azhar Waheed, Director;	20,000
4.	Mr. Muhammad Awais Qarni Chaudary, Director;	20,000
5.	Mr. Mohammad Hasnain Saeed Sohbin, Director;	10,000
6.	Mr. Muhammad Haseeb Awais, Director; and	20,000
7.	Mr. Mohammad Hasnain Saeed Sohbin, CFO	10,000
	Total Amount	120,000/-

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

12. 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.



Mamboob Ahmad -
Additional Director/Head of Wing
Adjudication Department -- I
Listed Companies Wing

Announced:
May 30, 2025
Islamabad.