



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department-I

Adjudication Division

ORDER	
Name of Company:	M/s. Mahmood Textile Mills Limited
Show Cause Notice No. & Date:	CSD/ARN/383/2016-678 dated July 28, 2025
Noticee(s):	(i) Khawaja Muhammad Ilyas, Chairman; (ii) Khawaja Muhammad Younus, CEO; (iii) Mrs. Farah Ilyas, Director; (iv) Khawaja Muhammad Muzaffar Iqbal, Director; (v) Khawaja Muhammad Anees, Director; (vi) Mr. Abdul Rehman Qureshi, Director; (vii) Mr. Muhammad Asghar, Director; and (viii) Mr. Yasir Ghaffar, CFO
Date(s) of Hearing(s) Opportunities:	August 29, 2025
Case Represented by:	Mr. Liaqat Ali Dolla, Company Secretary (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:	September 17, 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/383/2016-678 dated July 28, 2025 (the “SCN”) against the Board of Directors, Chief Executive Officer (the “CEO”) and Chief Financial Officer (the “CFO”) of M/s. Mahmood Textile Mills Limited (the “Company”), hereinafter collectively referred to as the “Noticee(s)”, 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 the quarterly financial statements within thirty days of the close of first and third quarters of their year of accounts and within sixty days of the close of their second quarter of accounts. Further, as per the requirements of the Circular, all listed companies are inter-alia required to file their quarterly financial statements through eZfile of the Commission, and such filing is considered as compliance of Section 237(2) of the Act with respect to filing/transmission of quarterly financial statements with the Commission/ Registrar.

3. The brief facts of the case are that the Company, being public listed company, was required to electronically transmit its Quarterly Financial Statement (“QFS”) for the third quarter ended March 31, 2025 (the “Third Quarter”) with the Registrar/Commission within thirty (30) days of the close of the respective quarter i.e., by April 30, 2025. However, as per the records available with the Commission, the Company failed to transmit the same within the stipulated time and transmitted the QFS for the third quarter through eZfile to the Commission on June 20, 2025 i.e. with a delay of fifty one (51) days.

4. 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."

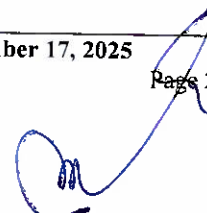
5. Taking cognizance of the alleged non-compliance of the requirements of law, a SCN was served upon the Noticee(s) on July 28, 2025 to show the cause in writing as to why penal action may not be taken against them for non-compliance of the requirements of Section 237 of the Act read with the Circular. In response, Mr. Abdul Rehman Qureshi (Independent Director of the Company) on behalf of all the Noticee(s), submitted response to the SCN vide letter dated August 18, 2025, wherein, inter-alia, stated as under:

(i) The QFS for the period ended March 31, 2025, were duly prepared, approved by the directors in their meeting held on April 30, 2025, circulated to members, and transmitted to PSX. The lapse in filing/transmitting the QFS to the Commission. was merely due to a clerical omission by junior staff.

(ii) The provision of Section 181 of the Act provides complete protection to independent directors in such matters, as act of omission was neither within their knowledge nor carried out with their consent or connivance.

6. In order to meet the ends of justice and to provide opportunity of being heard to the Noticee(s), hearing in the matter was fixed for August 29, 2025, which was attended by Mr. Liaqat Ali Dola (Company Secretary) as the **"Authorized Representative"** on behalf of all the Noticee(s). During the hearing, the Authorized Representative reiterated the response earlier furnished vide letter dated August 18, 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 thirty (30) days from the date of close of its Third Quarter of its year of accounts. The 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 contention regarding the delay in submission of QFS for the period ended March 31, 2025, on account of a clerical omission by junior staff, does not absolve the Noticee(s) from their mandatory statutory obligation. The Company including its directors and CEO were under an obligation to establish and implement an effective mechanism to ensure timely compliance.

10. The Securities and Exchange Board of India (SEBI) in order dated October 20, 2020- Kirloskar Brothers Ltd held that “*the directors (which included independent directors) had the duty to act in good faith and with due diligence in the performance of their duties in the interest of company, keeping in mind the interest of its shareholders, including the minority shareholders.*” The argument regarding the provision of Section 181 of the Act provides complete protection to independent directors is untenable as the Section 181 of the Act states that “*the Independent director and non-executive director shall be held liable, only in respect of such acts of omission or commission by a listed company or a public sector company which had occurred with his knowledge, attributable through board processes, and with his consent or connivance or where he had not acted diligently.*” In the instant case, no such evidence has been furnished to prove the innocence of independent directors.

11. Furthermore, it has been observed that the QFS for the period ended March 31, 2025, was transmitted to the Pakistan Stock Exchange (PSX) on April 30, 2025, through PUCAR, and were simultaneously placed on the Company's official website. Further, the Company has

a compliance history, however, failed to timely file/transmit the QFS for the period ended March 31, 2025 and admitted that the QFS were filed with a delay of fifty (51) days.

12. In view of the above-stated facts and circumstances, I am of the considered view that the Noticee(s), by failing to file/transmit the QFS for the third quarter ended March 31, 2025, within the prescribed timeframe, have contravened the requirements of sub-section (2) of Section 237 of the Act, read with the Circular. I have also taken into consideration the Company's compliance history, the fact that the QFS was timely transmitted to the PSX-PUCAR and was simultaneously placed on the Company's official website. I, therefore, in 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, conclude the proceedings initiated through SCN by strict **WARNING** to the Noticee(s). The Noticee(s) are further advised to ensure meticulous compliance in the future with the applicable provisions of Law in letter and spirit.



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

Announced:
September 17, 2025
Islamabad.