



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:	SCN/LCD/Adj-I/164971-1080 dated November 26, 2025
Name(s) of Noticee(s):	(i) Mr. Ishtiaq Ahmad, Chief Executive Officer/Director; (ii) Syed Asim Abid Ali, Director; (iii) Mr. Waseem-ul-Haque Ansari, Director; (iv) Syed Maqbool Ali, Director; (v) Mr. Aziz ul Haque, Director; (vi) Mrs. Nida Jamil, Director; (vii) Mr. Ghazanfar Baber Siddiqi, Director; (viii) Mr. Muhammad Hanif German, Company Secretary; and (ix) M/s. Dewan Mushtaq Textile Mills Limited, the Company
Date of Hearing:	December 22, 2025
Case Represented by:	(i) Mr. Mehmood-ul-Hassan Asghar, Group Director Finance; (ii) Mr. S.M. Raza, Group Director Taxation & Corporate Affairs; and (iii) Mr. Muhammad Hanif German, Company Secretary [As the Authorized Representatives on behalf of all the Noticee(s)]
Provision of Law Involved:	Section 132(1) read with Section 132(5)(a) and Section 479 of the Companies Act, 2017
Date of Order:	January 28, 2026

This Order shall dispose of the proceedings initiated by the Securities and Exchange Commission of Pakistan (the "Commission") through the Show Cause Notice No. SCN/LCD/Adj-I/164971-1080 dated November 26, 2025 (the "SCN") against M/s. Dewan Mushtaq Textile Mills Limited (the "Company"), its Board of Directors (BOD) including the Chief Executive Officer (CEO) and the Company Secretary, hereinafter collectively referred to as the "Noticees", issued under Section 132(1) read with Section 132(5)(a) and Section 479 of the Companies Act, 2017 ("the Act").

2. The provisions of sub-section (1) of Section 132 of the Act requires that every company shall hold an Annual General Meeting ("AGM") within sixteen (16) months from the date of its incorporation and thereafter once in every calendar year within a period of one hundred and twenty (120) days following the close of its financial year; provided that, in the case of a listed company, the Commission, and, in any other case, the registrar, may for any special reason extend the time within which any AGM shall be held by a period not exceeding thirty (30) days.

3. Brief facts of the case are that the Company is a listed company and was required to hold its AGM for the financial year ended June 30, 2025 (FY 2025) within stipulated time period of one hundred and twenty (120) days i.e., by October 28, 2025. However, review of the relevant records of the Commission revealed that the Company failed to hold its AGM for the FY 2025 within the stipulated time as per requirements of Section 132(1) of the Act.

4. In view of the above, the Noticees, *prima facie*, contravened the provisions of Section 132(1) of the Act by failing to convene the Company's AGM for the FY 2025 within the stipulated time which attracts penal provisions as provided under sub-section (5) of Section 132 of the Act. The relevant provision of the Act is reproduced hereunder for ready reference:

"132 (5) Any contravention or default in complying with requirement of this section shall be an offence liable—

(a) in case of a listed company, to a penalty of level 2 on the standard scale"

5. Taking cognizance of the alleged violation of law, a SCN was served upon the Noticee(s) to show the cause in writing as to why a penal action may not be taken under Section 132(5)(a) read with Section 479 of the Act against them for contravening the aforesaid requirements of Section 132 of the Act. In response to SCN, the Company, vide letter dated December 02, 2025, *inter alia*, submitted as under:

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“....

As explained in our earlier letter dated March 6, 2024, the delay occurred due to circumstances beyond our control. The AGM of the Company could not be convened as scheduled due to technical problem with the Company's data stemming from a fire Incident few years ago at the FTC Building, which severely impacted our IT servers & infrastructure. The fire, which erupted on the 6th floor, also affected the 7th and 8th floors where the offices of Yousuf Dewan Companies, including our IT server room, were located. Unfortunately, most of the equipment were damaged by this incident.

Since this incident, the Company have been experiencing frequent technical issues and difficulties with its IT systems (Servers and Database). In the past, the Company faced these issues frequently and its IT Personnel got successful in resolving the same within a short span of time. All the times the data retrieved was first matched with the original supporting documents for its validation before preparation and audit of the related Financial Statements. Due to the financial constraints faced by the Company over the years being non-operational since 2016, we were unable to make the required investments in our IT Infrastructure to fully avoid these issues once for all. As part of our efforts to address this issue, the Company has its own IT personnel who undertook repairs, and maintenance work on the server in order to retrieve the data, for the period under issue. Unfortunately, during this activity a substantial portion of critical data could not be retrieved, preventing us from finalizing the Company's accounts in time. In this regard our IT team informed us about the status of database and application servers and discussed in respect of data integrity issues and other major discrepancies being faced by the Company. Going forward, the data as retrieved was shifted to another machine and we are currently engaged in a thorough reconciliation process to ensure data accuracy and consistency. This process involves close collaboration with key users across departments to verify and validate the data with source documents. Given the complexity and importance of this task, it is time-intensive, and we are prioritizing accuracy over speed to prevent further complications. However, once the audit is finalized, we will immediately convene the Board meeting and AGM for the said year. Following that, we will proceed to finalize and convene the pending meetings.

As informed earlier, despite the closure of operations for several years and the prevailing financial constraints, the Company remained compliant in holding periodic meetings in the past including AGMs, on a timely basis up to the period ended June 30, 2022. We continue to make every effort to overcome the challenges being faced and are optimistic that the situation will be resolved soon, enabling us to convene pending AGM.

We sincerely hope that the above explanation and the facts provided will be considered with due sympathy. Given the Company's exceptional circumstances, we humbly request that a lenient view be taken in this matter.

....”

6. In order to provide an opportunity for personal representation and to meet the ends of justice, a hearing in the matter was fixed for December 22, 2025, which was attended by Mr. Mehmood-ul-Hassan Asghar, Group Director Finance; Mr. S.M. Raza, Group Director Taxation & Corporate Affairs; and Mr. Muhammad Hanif German, Company Secretary, as the “**Authorized Representatives**” on behalf of all the Noticee(s). During the hearing, the Authorized Representatives reiterated the aforesaid written response and, *inter alia*, submitted that the Company held its AGM for FY 2023 on April 14, 2025. They further submitted that the accounts for FY 2024 are presently with the Auditor and that the audit thereof is expected to be completed by January 15, 2026. The Authorized Representatives also informed that the Company is still non-operational and assured that, within three (03) months of holding the AGM for FY 2024 and completion of audit activity for FY 2025, the Company shall hold the AGM for FY 2025. Moreover, the Authorized Representatives requested leniency in the matter and assured future compliance with the requirements of the law.

7. I have gone through the provisions of sub-section (1) of Section 132 of the Act which are mandatory in nature along with the written as well as the verbal submissions made by the Noticee(s) through their Authorized Representatives, and available record of the Company. I have also perused Section 132(5)(a) of the Act, which stipulates the penal provision for contravention of afore-referred provision of law. It is pertinent to observe that holding the AGM as required under Section 132(1) of the Act is a vital statutory obligation, as it provides shareholders with an opportunity to participate in deliberations and exercise their voting rights on matters placed

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before the AGM, including, *inter alia*, the consideration and approval of the company's financial statements. Such disclosures and discussions enable shareholders to assess the financial position, performance and stewardship of the board of directors and management in respect of the resources entrusted to them. In order to ensure transparency and safeguard shareholders' rights, strict adherence to the statutory framework governing the holding of AGMs is imperative. Furthermore, the board of directors and management of a listed company are subject to a higher fiduciary duty and enhanced standards of accountability, which require them to act with due care, diligence and prudence, particularly in relation to compliance with mandatory statutory requirements. In this regard, reliance is placed on the recent judgment passed by the Appellate Bench of the Commission, in the matter of Gulistan Spinning Mills Limited vs. Director/HoD Adjudication-I (Appeal No. 71 of 2022); wherein the Appellate Bench held that "*A public listed company has a higher responsibility to disseminate a true and accurate state of affairs to all the stakeholders by holding the AGM within the stipulated time so that appropriate and timely decisions are made. Therefore, the Company, the BOD and Company Secretary should have conducted the AGM as per the applicable legal framework.*"

8. Before proceedings onto the arguments presented in the case; it is pertinent to observe that the Appellate Bench of the Commission in the matter of 2017 CLD 839 [Appeal No. 28 of 2013] held that "*...the facts of the case are clear and evident that the Appellants failed to conduct the AGM within stipulated time...therefore, they have acted against the fiduciary responsibilities towards the Company in capacity of directors...it was the collective responsibility of the directors of the Company to hold the meeting in accordance with law but they have failed to comply with the requirements of law, therefore no distinction could be assumed regarding guilt or innocence of the directors...*". It is also observed that the arguments put forth by the Authorized Representatives that the delay in holding the AGM was caused due to a fire incident which occurred several years ago resulting in loss of data, and that the Company is presently non-operational and facing financial constraints, do not stand any grounds and are devoid of merits. It is pertinent to observe that the said fire incident admittedly occurred several years ago, whereas the contravention in the instant case pertains to the failure to hold the AGM for FY 2025. The Company itself has acknowledged that, despite the said incident, it remained compliant with the requirements of holding AGMs in a timely manner up to the financial year ended June 30, 2022. This clearly establishes that the Company had sufficient time, opportunity and resources to address its internal control weaknesses and IT-related issues and to put in place appropriate mechanisms to ensure compliance with its statutory obligations. Furthermore, the contention that the Company is non-operational and facing financial hardship is also untenable, as the obligation to hold an AGM under Section 132(1) of the Act applies uniformly to all companies, irrespective of their operational status or financial condition, and the Act does not provide any exemption on these grounds. It is also pertinent to note that Section 132 of the Act envisages a lawful mechanism whereby a company, if unable to hold its AGM within the prescribed period, may seek an extension of time from the Commission. However, as per the available record, the Company also did not avail this statutory remedy and preferred not to apply for any extension prior to the expiry of the prescribed time period; thereby contravening the requirements of Section 132(1) of the Act.

9. It is also pertinent to observe that as per the available records with this office, the Commission took penal actions against the Company and its BOD vide its Orders dated April 18, 2024 and February 03, 2025 for similar violations in terms of holding of AGMs. This demonstrates a pattern of recurring non-compliance by the Company and its BOD, reflecting a lack of commitment to adhering to the regulatory requirements and the current default shows a continued pattern.

10. In view of the preceding facts, I am of the considered view that, by failing to hold the AGM for FY 2025 within the prescribed timeframe, the Noticee(s) have contravened the requirements of sub-section (1) of Section 132 of the Act, which attracts penal action under sub-section (5) of Section 132 of the Act. Due consideration has also been paid to the fact that the Company has been non-operational and has assured greater vigilance in complying with legal and regulatory requirements in the future. I, therefore, in exercise of powers conferred upon me under sub-section (5) of Section 132 of the Act read with S.R.O. 1545(I)/2019 dated December 6, 2019, hereby conclude the instant proceedings by imposing an aggregate penalty **of Rs. 240,000/- (Rupees Two Hundred and Forty Thousand Only)** on the Noticee(s) No. (i) to (viii) and by **Warning** the Noticee No. (ix) i.e., the Company.

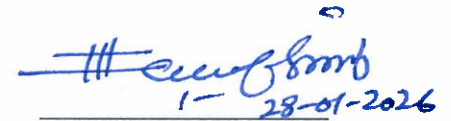
S.No.	Name(s) of Noticee(s)	Penalty Amount in Rs.
1.	Mr. Ishtiaq Ahmad	30,000/-
2.	Syed Asim Abid Ali	30,000/-
3.	Mr. Waseem-ul-Haque Ansari	30,000/-

4.	Syed Maqbool Ali	30,000/-
5.	Mr. Aziz ul Haque	30,000/-
6.	Mrs. Nida Jamil	30,000/-
7.	Mr. Ghazanfar Baber Siddiqi	30,000/-
8.	Mr. Muhammad Hanif German	30,000/-
	Total	240,000

11. The Noticee(s) are further strictly **ADVISED** to take all immediate steps necessary to hold the AGM without any further delay and, accordingly, report the same to the concerned Division/Department of the Commission.

12. The Noticee(s) No. (i) to (viii) are, hereby, further 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 ("**SECP Act**").

13. Without prejudice to the above, in case the current BOD members are aggrieved by this Order, they may, within thirty (30) days of the Order, prefer to file review application in terms of Section 32B of the SECP Act or may file an appeal to Appellate Bench of the Commission in terms of Section 33 of the SECP Act in accordance with the procedure for filing an appeal as laid down under the Securities and Exchange Commission of Pakistan (Appellate Bench Procedure) Rules, 2003.


1-28-01-2026

Sohail Qadri
Director/ HOD
Adjudication Department-I

Announced:
January 28, 2026
Islamabad