



Corporate Supervision Department
Company Law Division

Before Ms. Amina Aziz – Director (CSD)

In the matter of

Dewan Mushtaq Textile Mills Limited

Number and date of SCN: No. CSD/ARN/205/2015-413-419, dated August 26, 2015

ORDER

**UNDER SUB-SECTION (3) OF SECTION 245 READ WITH SECTION 476 OF THE
COMPANIES ORDINANCE, 1984**

This order shall dispose of the proceedings initiated against the following directors including chief executive (together referred to as “respondents”) of **Dewan Mushtaq Textile Mills Limited** (the “Company”):

- | | |
|----|---|
| 1. | Mr. Dewan Abdul Baqi Farooqui , Chief Executive |
| 2. | Mr. Dewan Muhammad Yousuf Farooqui, Chairman |
| 3. | Mr. Dewan Abdullah Ahmed Farooqui |
| 4. | Mr. Dewan Abdul Rehman Farooqui |
| 5. | Mr. Haroon Iqbal |
| 6. | Mr. Ishtiaq Ahmed |
| 7. | Mr. Aziz-ul-Haque |

These proceedings against the respondents were initiated through show cause notice (the “SCN”) dated August 26, 2015, issued under the provisions of sub-section (3) of section 245 read with section 476 of the Companies Ordinance, 1984 (the “Ordinance”).

2. The brief facts of the case are that the Company did not file the interim financial statements (“Quarterly Accounts”) for the quarter ended March 31, 2014 with the Commission, in a timely manner as per requirements of section 245 of the Ordinance. These were filed with the Commission on May 13, 2014 i.e. with a delay of 13 days. Consequently, the SCN was issued to the respondents whereof they were called upon to show cause in writing as to why penal action may not be taken against them under sub-section (3) of section 245 of the Ordinance for late filing of the aforesaid Quarterly Accounts. Since no response to the SCN was submitted by the respondents, a hearing in the matter was fixed on October 20, 2015 through hearing notice dated October 13, 2015. In response to the hearing notice, the respondents vide letter dated October 16, 2015 requested to reschedule the hearing after fifteen days. The hearing was re-fixed on November 5, 2015 through



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Corporate Supervision Department
Company Law Division

Continuation Sheet - 1 -

letter dated October 26, 2015. The respondents through letter dated November 3, 2015 submitted that the Company e-filed the Quarterly Accounts for the period ended March 31, 2014 with Company Registration Office, Karachi on May 2, 2014. A copy of e-filing receipt was also provided along with the reply. In respect of delay in filing of the aforesaid Quarterly Accounts with the Commission, it was submitted that the delay was caused by the person who was functionally responsible for dealing with the filing of accounts and as soon as the respondents took notice of the delay, they filed the Quarterly Accounts with the Commission. The respondents stated that the person responsible for the delay has resigned. They further stated the gazetted holiday on May 1, 2014 was on Thursday and was followed by two weekly holidays. This also contributed to the aforesaid delay in filing. Citing these reasons, the respondents requested for a lenient view in the matter and gave assurance for future compliance.

3. In connection with this it is important to note that the applicable legal framework, i.e. section 245 of the Ordinance requires separate filing of Quarterly Accounts with the Commission and the Registrar of Companies. In respect of filing of Quarterly Accounts with the Registrar, e-filing mode has been adopted; however, it does not currently cater for filing of accounts with the Commission. As such, companies are still required to file their quarterly and annual accounts in physical form at the Commission's head office. This fact has been amply clarified by the Commission through a press release dated January 2, 2014.

4. It is clear that the Company was required to file the aforesaid Quarterly Accounts in physical form with the Commission in a timely manner, but those were filed with a considerable delay of 13 days. However, keeping in view good compliance history of the Company regarding filing of accounts with the Commission, instead of imposing fine, I hereby conclude the proceedings with a warning to the respondents to be careful in future and ensure meticulous compliance with provisions of section 245 of the Ordinance.

Afina Aziz
Director (CSD)

Announced:
December 1, 2015
Islamabad