



Securities and Exchange Commission of Pakistan

Adjudication Division Adjudication Department

Before

Amir M. Khan Afridi, Director/HOD (Adjudication-I)

In the matter of Show Cause Notice issued to Dewan Textile Mills Limited

Date of Hearing

December 14, 2021, May 30, 2022

Order-Redacted Version

Order dated June 28, 2022 was passed by Director/Head of Department (Adjudication-I) in the matter of Dewan Textile Mills Limited. Relevant details are given as hereunder:

| Nature | Details |
|----------------------------|--|
| 1. Date of Action | Show cause notice dated June 16, 2021 |
| 2. Name of Company | Dewan Textile Mills Limited |
| 3. Name of Individual* | The proceedings were initiated against the Company and its directors. |
| 4. Nature of Offence | Under Section 176 of the Companies Act, 2017 read with Section 479 thereof. |
| 5. Action Taken | <p>Key findings were reported in following manner:</p> <p>I have gone through the facts of the case and observed that provisions of Section 176 of the Act are explicit and clear requiring the Board to meet at least once in every quarter. The Respondents have acknowledged that they were aware of the aforesaid requirement of law. The Respondents have also acknowledged that at least one meeting in every quarter during the FY ended June 30, 2020 was not held owing to personnel/ directors being affected by Covid-19. However, it is viewed that alternate means of meetings i.e. through audio/ video conferencing could have been used by directors for their meeting however the Respondents failed to consider the said option in order to comply, with the requirements of law. After careful consideration of all the facts of the case, I am of the view that the Respondents have contravened subsection (3) of Section 176 of the Act and, therefore, are liable to be penalized under sub-section (4) of Section 176 of the Act read with Section 479. Therefore, in exercise of the powers conferred under Section 176 of the Act, I hereby impose a cumulative penalty of Rs 35,000/ (Rupees thirty-five thousand only) on all the Respondents except the company.</p> <p>Nothing in this Order may be deemed to prejudice the operation of any provision of the Act providing for imposition of penalties in respect of any default, omission, violation of the Act.</p> |
| 6. Penalty Imposed | A cumulative Penalty of Rs. 35,000/- (Rupees thirty-five thousand only) was imposed on the Respondents except the company. |
| 7. Current Status of Order | No appeal has been filed by the respondents. |