



Securities and Exchange Commission of Pakistan

Adjudication Division

Adjudication Department

Before Asif Iqbal,

Director/HOD (Adjudication-I)

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

Date of Hearing

November 23, 2022

Order-Redacted Version

Order date November 30, 2022 was passed by Director/Head of Department (Adjudication-I) in the matter of DM Textile Mills Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated August 15, 2022
2. Name of Company	DM Textile Mills Limited
3. Name of Individual*	The proceedings were initiated against DM Textile Mills Limited and its Directors
4. Nature of Offence	Under Regulation 27 and Regulation 36 of the Listed Companies (Code of Corporate Governance) Regulations, 2019 read with Regulation 37 thereof and Section 512 of the Companies Act, 2017
5. Action Taken	<p>Key findings were reported in following manner:</p> <p>I have gone through the facts of case and considered the both written verbal submissions of the Representative in light of the relevant provisions of the law and state that:</p> <ul style="list-style-type: none">• It is clear from the evidence provided by the Representative that Mr. ***** fulfills the criteria of 'financial literate' as provided in regulation 27(1)(iii) (c) as he is the member of Audit Committee of Sanghar Sugar Mills Limited since 2008;• With regard to the compliance with the provisions of regulation 36 of the Regulations; it is pertinent to mention here that the said regulation requires every listed company to publish and circulate a statement as per Annexure A to the Regulations to set out the status of their compliance with the requirement of these Regulations and the said statement shall be specific and be supported by necessary explanations. In this context, it is observed that the Company was non-compliant with the provisions of regulation 20 of the Regulations by not having the whole time CFO and CS. Further, the acting CS who had the additional charge of acting CFO did not fulfill the qualification criteria as provided in Regulation 22 of the Regulations. However the Company failed to disclose these facts in the statement of compliance for the year 2020 and 2021; which is in contravention with the requirements of regulation 36 of the Regulations.



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	<p>Keeping in view the above, the non-compliance of regulation 36 of the Regulations is established and, therefore, I, in exercise of the powers conferred under regulation 37 of the Regulations read with Section 512 of the Act, hereby impose penalty of Rs. 25,000/- (Rupees twenty five thousand only) on the Company and warn all the remaining Respondents to ensure compliance with the relevant provision of the law in future, in letter and spirit.</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	Rs. 25,000/-
7. Current Status of Order	No appeal has been filed by the respondents.