



Corporate Supervision Department
Company Law Division

Before Amina Aziz –Director

In the matter of

Gulistan Spinning Mills Limited

Number and date of notice: CSD/ARN/197/2015-3008-14 dated February 1, 2016
Date of hearing: April 4, 2016, April 18, 2016 and April 29, 2016
Present: No one appeared in hearings

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 following directors including chief executive (together referred to as "respondents") of **Gulistan Spinning Mills Limited** (the "Company").

S.#	Names of Directors
1	Mr. Sohail Maqsood, Chairman
2	Mr. Tanveer Ahmed, Chief Executive
3	Mr. Riaz Ahmed
4	Mr. Muhammad Shafiq
5	Mr. Iftikhar Ali
6	Mr. Muhammad Yousuf
7	Mr. Umer Hayat Gill

The proceedings against the respondents were initiated through show cause notice (the "SCN") dated February 1, 2016, issued under section 245 read with section 476 of the Companies Ordinance, 1984 (the "Ordinance").

2. The relevant facts for the disposal of this case, briefly stated, are that the Company was required to prepare and transmit to the members and simultaneously file with the Registrar and the Securities & Exchange Commission of Pakistan ("the Commission") under Section 245 of the Ordinance, its quarterly accounts for the period ended September 30, 2015 on or before October 31 2015. However, the Company failed to do so.

3. Failure of the Company to comply with the aforesaid mandatory requirements within the prescribed time necessitated action against the Respondents in terms of Sub-section (3) of Section



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245 of the Ordinance. Consequently, show cause notice was served under Sub-section (3) of Section 245 read with Section 476 of the Ordinance. The respondents failed to reply the SCN.

4. In order to provide opportunity of personal hearing the case was fixed before the undersigned on April 4, 2016, April 18, 2016 and April 29, 2016 but respondents failed to appear in the hearings.

5. In terms of the Commission's notification SRO 1003(I)/2015 dated October 15, 2015, the powers to adjudicate cases under section 245 of the Ordinance have been delegated to Director (Corporate Supervision Department).

6. Before proceeding to decide this case, I consider it necessary to highlight the importance of the strict observance of the mandatory requirements of law. The protection of the investors/shareholders is one of the primary objectives of the Ordinance. The shareholders provide seed money for the capital formation of the Company. It is their lawful right to receive timely, adequate and meaningful information. It is the annual and interim accounts, which provide information to the investors about the affairs of the company. It has unfortunately been noted that the directors of the Company have failed to comply the requirements of law and have not circulated the quarterly accounts to the shareholders nor filed with the Commission within the prescribed time.

7. The Respondents have deprived the shareholders of their statutory right to receive the quarterly accounts of the Company within the prescribed time limit. The responsibility for preparation/circulation of quarterly accounts rests with the directors of the Company who have to take appropriate action within the time stipulated by law. The repetition of defaults clearly demonstrates that the directors of the company are not making any serious efforts to comply with the provisions of the law. For the foregoing reasons, the default under Sub-section (1) of Section 245 of the Ordinance regarding late filing of quarterly accounts for the aforesaid periods; stands established.

8. Keeping in view of the above I, hereby impose a fine of Rs 140,000/- (Rupees one hundred and forty thousand only) on the respondents in aggregate for contravening the provision of



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Section 245 of the Ordinance. The respondents are directed to deposit the fine in the following manner;

S.#	Names of Directors	Total
1	Mr. Sohail Maqsood, Chairman	Rs 20,000
2	Mr. Tanveer Ahmed, Chief Executive	Rs 20,000
3	Mr. Riaz Ahmed	Rs 20,000
4	Mr. Muhammad Shafiq	Rs 20,000
5	Mr. Iftikhar Ali	Rs 20,000
6	Mr. Muhammad Yousuf	Rs 20,000
7	Mr. Umer Hayat Gill	Rs 20,000
	TOTAL	Rs 140,000

The aforesaid fines must be deposited in the designated bank account maintained with MCB Bank Limited in the name of the "Securities and Exchange Commission of Pakistan" within thirty days from the receipt of this order and receipted bank vouchers must be furnished to the Commission. In case of non-deposit of the fine, proceedings for recovery of the fines as arrears of land revenue will be initiated. It may also be noted that the aforesaid fines are imposed on the respondents in their personal capacity; therefore, they are required to pay the said amount from personal resources.

9. Moreover, the Respondents are hereby directed under the provision of Section 473 of the Ordinance to prepare overdue quarterly accounts and transmit to the members and simultaneously file with the Registrar and the Commission within sixty days of this Order.

Amina Aziz
Director

Announced:
May 11, 2016
Islamabad