



Corporate Supervision Department
Company Law Division

Before Ms. Amina Aziz – Director (CSD)

In the matter of

Gulshan Spinning Mills Limited

Number and date of SCN: No. CSD/ARN/193/2015-357-63, dated August 24, 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 directors including chief executive (together referred to as "respondents") of **Gulshan Spinning Mills Limited** (the "Company"). These proceedings were initiated through show cause notice (the "SCN") dated August 24, 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 as per record, the Company did not file the interim financial statements ("Quarterly Accounts") for the quarter ended March 31, 2014 with the Commission, within stipulated time of thirty day after the end of the quarter, as the same were filed with a delay of thirteen days, on May 13, 2014. 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 not filing the aforesaid Quarterly Accounts in a timely manner as stipulated by the law.

3. In response to the SCN the respondents vide letter dated September 5, 2015, inter alia, stated that the Quarterly Accounts for the period ended March 31, 2014 were placed on the Company's website on April 30, 2014 and this fact was communicated to all the shareholders through advertisement in the newspaper. Moreover, the Company also e-filed the Quarterly Accounts with the respective CRO. Thus the purpose of law, which is to make aware all shareholders about the financial position of the Company, was served. They also mentioned the severe financial crisis being the reasons for delay in printing of the Quarterly Accounts that caused a delay of thirteen days in their filing with the Commission in physical form and requested for a



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lenient view. Subsequently, upon confirmation from the CRO Karachi, it transpired that the Company had e-filed the aforesaid Quarterly Accounts with the Registrar.

4. 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.

5. It is clear from the record that the Company did not file the aforesaid Quarterly Accounts in physical form with the Commission in a timely manner; however, those were e-filed with the Registrar and placed on the Company's website within the stipulated time. Therefore, considering the facts of the case, 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.

Amina Aziz
Director (CSD)

Announced:
September 11, 2015
Islamabad



Corporate Supervision Department
Company Law Division

Before Ms. Amina Aziz – Director (CSD)

In the matter of

Gulshan Spinning Mills Limited

Number and date of SCN: No. CSD/ARN/193/2015-350-56, dated August 24, 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 directors including chief executive (together referred to as “respondents”) of **Gulshan Spinning Mills Limited** (the “Company”). These proceedings were initiated through show cause notice (the “SCN”) dated August 24, 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 as per record, the Company did not file the interim financial statements (“Quarterly Accounts”) for the quarter ended September 30, 2013 with the Commission, as per requirements of section 245 of the Ordinance. 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 not filing the aforesaid Quarterly Accounts in terms of the law.

3. In response to the SCN the respondents vide letter dated September 5, 2015, inter alia, stated that the Quarterly Accounts for the period ended September 30, 2013 were placed on the Company’s website on October 31, 2013 and this fact was communicated to all the shareholders through advertisement in the newspaper. Moreover, the Company also e-filed the Quarterly Accounts with the respective CRO. Thus the purpose of law, which is to make aware all shareholders about the financial position of the Company, was served. They provided physical copies of the Quarterly Accounts along with evidence of payment of filing fee and reiterated that that non filing of physical copies of the Quarterly Account with the Commission was no deliberate and may please be condoned. Subsequently, upon confirmation form the CRO Karachi, it transpired that the Company had e-filed the aforesaid Quarterly Accounts with the Registrar.



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4. 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.

5. It is clear from the record that the Company did not file the aforesaid Quarterly Accounts in physical form with the Commission; however, those were e-filed with the Registrar and placed on the Company's website within the stipulated time. Therefore, considering the facts of the case, 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 applicable provisions of law in future.

Amina Aziz
Director (CSD)

Announced:
September 11, 2015
Islamabad