



Corporate Supervision Department  
Company Law Division

Before Amina Aziz – Director (CSD)

In the matter of

*Chakwal Spinning Mills Limited*  
**Chakwal Spinning Mills Limited**

Number and date of SCN: CSD/ARN/93/2015-3675 dated March 16, 2016  
Date of hearing: May 9, 2016  
Present for Respondent: Mr. Muhammad Shafi, Manager Accounts (the “Authorized Representative”)

**ORDER**

**UNDER SECTION 495 READ WITH SECTION 476 OF THE COMPANIES ORDINANCE, 1984**

This order shall dispose of the proceedings initiated against Chief Executive (the “respondent”) of Chakwal Spinning Mills Limited (the “Company”). The proceedings against the respondent were initiated through show cause notice (the “SCN”) dated March 16, 2016, issued under the provisions of section 495 read with section 476 of the Companies Ordinance, 1984 (the “Ordinance”) and S.R.O. 634(I)/2014 dated July 10, 2014 (the “SRO-I”).

2. The brief facts of the case are that the Commission through the SRO-I directed every public listed and public unlisted company to maintain a functional website with effect from August 30, 2014 and place stipulated mandatory information thereon. Further, the Commission through S.R.O. 684 (I)/2015 dated July 15, 2016 (the “SRO-II), also directed all public companies to place website link of SECP investor education portal “JamaPunji” (www.jampunji.pk) along with its logo, available on SECP’s website (www.secp.gov.pk) at a prominent place on the homepage of their website.

3. The review of website of the Company revealed that the Company has not developed / maintained its standalone functional website and has not placed mandatory information in compliance with the SRO-I, II. Consequently, the SCN was issued to the respondent whereof he was called upon to show cause in writing as to why penal action may not be taken against him under sub-section (1) of section 495 of the Ordinance for not complying with the Commission’s direction given in the SRO-I, II along with fixing the date of hearing for March 29, 2016. The respondent vide his letter dated March 28, 2016 submitted reply which is reproduced as under:

*“That functional website of our company is under process and it will be operational in the first week of April 2016 positively. The website shall contain the desired information in terms on Commission’s Circular 43 of 2015 as well as your above referred notice. Since the management has recently appointed company secretary in replacement of our ex-company secretary who have resigned to look after the corporate affairs of the company. We assure you that in future we shall take extreme care to follow all the*



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*law requirement in its true spirit. Further, we were called to appear before your goodself on March 29, 2016 and our representative was ready to come to your office but due to uncertain law and order situation prevailing in the capital city near your office location, we would request you to kindly allow us some other time of hearing on becoming the law and order situation normal."*

4. While considering the request of the respondent, he was informed that hearing fixed in the matter for March 29, 2016 has been adjourned and next date of hearing shall be communicated after reviewing the functional website as per time given by the Company in its letter referred above. After lapse of time the website was reviewed again and it was observed that the Company has not yet complied with Commission's directions given through SRO-I & II. Therefore, hearing in the matter was re-fixed for May 9, 2016

5. On the date of hearing, Mr. Muhammad Shafi, Manager Accounts (the "Authorized Representative") appeared before me and he submitted that most of the mandatory information has been placed on the Company's website which address is 'http://www.chakwalgroup.com/CSML/home.php'. During the course of hearing, it was pointed out that on clicking the links to information are not opening. He requested for one week more time for removal of deficiencies and updating the website in accordance with SRO-I & II. His request was acceded to and he was given one week time to make good the default and undo the irregularity.

6. The review of website address provided by the Authorized Representative 'http://www.chakwalgroup.com/CSML/home.php' has revealed that the Company has not developed / maintained its website as the page opened on this address exhibits "404 (Page Not Found) Error-Ever feel like you're in the wrong place."

7. In terms of the Commission's notification SRO 1003 (I)/2015 dated October 15, 2015, the powers to adjudicate cases under the SRO-I read with section 495 of the Ordinance have been delegated to the Director (Corporate Supervision Department). The provisions of sub-section (1) of section 495 of the Ordinance are reproduced as under:

*"Where any directive is given or order is issued by the Court, the officer, the Commission, the registrar or the Federal Government under any provision of this Ordinance, non-compliance thereof within the period specified in such direction or order shall render every officer of the company or other person responsible for non-compliance thereof punishable, in addition to any other liability, with fine not exceeding fifty thousand rupees and, in the case of a continuing non-compliance, to a further fine not exceeding two thousand rupees for every day after the first during which such non-compliance continues."*

8. I have gone through the facts of the case, provisions of the Ordinance, requirements of the SRO-I, II and written reply of the respondent as well as submission / pledge of the authorized representatives during the course of hearing to develop and maintain and uploading of mandatory information on the Company's website within a week

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time from the hearing, The Company has not developed and maintained its functional website and the default is continuing even after initiation of the SCN proceedings and assurance of its' rectification on behalf of the respondents. Hence, I am of the view that the default committed by the Company is established. Therefore, taking cognizance of the fact, I hereby conclude the proceedings initiated under section 495 (1) of the Ordinance read with section 476 of the Ordinance and SRO-I, impose a fine of **Rs20,000** on the respondent.

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 furnish receipted bank voucher 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 fine is imposed on the respondent in his personal capacity; therefore, he is required to pay the said amount from his personal resources.

9. Before parting with the order, I invoke the provisions of section 473 of the Ordinance and direct the Company and the respondent to develop a standalone functional website of the Company with unique website address and maintain the same by placing all the mandatory information in sequential order of information under appropriate heads as provided in the SRO-I & SRO-II and submit a "**Compliance Certificate**" to the Commission as per paragraph 6 of the SRO-I by July 25, 2016 along with mentioning the Company's website address. The Company is further advised to keep the website updated in future.

10. It may be noted that continued non-compliance with the Commission's direction may render the respondent liable for action under sub-section (2) of section 495 of the Ordinance.

**Amna Aziz**  
Director (CSD)

**Announced:**  
June 27, 2016  
Islamabad