



Corporate Supervision Department  
Company Law Division

Before Abid Hussain – Executive Director

In the matter of

Dar Es Salaam Textile Mills Limited

Number and date of notice: CSD/ARN/234/2015-3887-88 dated June 6, 2017

Date of written reply: June 19, 2017

ORDER

**Under Section 186 read with Section 476 of the Companies Ordinance, 1984**

This order shall dispose of the proceedings initiated against the Directors including the Chief Executive (*the "respondents"*) of Dar Es Salaam Textile Mills Limited (*the "Company"*) through show cause notice dated June 6, 2017 (*the "SCN"*) issued under the provisions of Section 186 read with Section 476 of the Companies Ordinance 1984 (*the "Ordinance"*).

2. Brief facts of the case are that the Company held its election of directors on March 31, 2012. Subsequently, the next election of directors was held in AGM held on October 30, 2015. The Company did not hold the election of directors in time as envisaged in law and delayed the election of directors by seven months. Accordingly, the SCN was issued to the respondents wherein the respondents were called upon to show cause in writing as to why penal action may not be taken against them. The respondents through their authorized representative; Ms. Abida Mukhtar submitted a written response dated June 19, 2017. Ms. Mukhtar on behalf of all respondents accepted the default. It was submitted that the Company has gone through numerous structural changes and lack of competent staff to ensure compliance with the provisions of the law. The authorized representative also assured that steps have been taken to engage appropriate staff and consultants that will enable the Company to be compliant with the law. It was further submitted that the board of directors will also provide a more active and supporting role to the management to ensure that the Company is fully compliant in future.



# SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

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3. Before proceeding further, it is necessary to advert to the following relevant provisions of Ordinance:

Section 180 (1) of the Companies Ordinance, 1984 (the "Ordinance") requires that, "A director elected under section 178 holding office for a period of three years unless he earlier resigns, becomes disqualified from being a director or otherwise ceases to hold office."

Section 186 of the Ordinance provides that, "Whoever knowingly and willfully contravenes or fails to comply with any of the provisions of sections 174 to 185 or is a party to the contravention of the said provisions shall be liable to a fine which may extend to ten thousand rupees and may also be debarred by the authority which imposes the fine from becoming or continuing a director of the company for a period not exceeding three years."

4. In terms of the Commission's notification SRO 1003 (I)/2015 dated October 15, 2015, the powers to adjudicate cases under section 186 have been delegated to the Executive Director (Corporate Supervision Department).

5. I have analyzed the facts of the case, relevant provisions of the Ordinance, arguments put forth by the respondent in the reply to the show cause notice and observed that the respondents could have demonstrated more cautious approach to hold the election of directors within the timeline provided by law. However, as the elections were held subsequently and there is no complaint on the record against the Company in this regard, I am inclined to take a lenient view of the matter and in exercise of the powers conferred by aforesaid provision of the Ordinance, hereby, warn the respondents to ensure meticulous compliance of law in future.

Abid Hussain  
Executive Director

**Announced:**  
February 22, 2018  
Islamabad