



Corporate Supervision Department  
Company Law Division

Before Abid Hussain – Executive Director

In the matter of

**Gul Ahmed Textile Mills Limited**

Number and date of notice: No. CSD/ARN/526/2017-950-952 dated January 5, 2018

Date of hearing: February 21, 2018

Present: Mr. Abdul Aleem, CFO, Gul Ahmed textile Mills Limited  
Mr. Salim Ghaffar, Company Secretary, Gul Ahmed textile Mills Limited (the "Authorized Representatives")

**ORDER**

**Under Section 214, 216 read with Section 476 of the Companies Ordinance, 1984**

This order shall dispose of the proceedings initiated against the Directors namely Mr. Mohammed Bashir, Mr. Zain Bashir and Mr. Mohammed Zaki Bashir (the "Respondents") of Gul Ahmed Textile Mills Limited (the "Company") through show cause notice dated January 5, 2018 (the "SCN") issued under the provisions of Section 214, 216 read with Section 476 of the Companies Ordinance 1984 (the "Ordinance").

2. Brief facts of the case are that examination of the annual audited accounts of the Company for the year ended June 30, 2016 (the "Accounts") and subsequent information provided by the Company revealed certain transactions with related parties in which the Respondents were interested by way of shareholding in the corresponding companies as tabulated below:

Name of related company	Nature of Transactions	Total Amount PKR	Names of Directors having interest and not disclosed and participated in the meeting	Nature of interest in related company
Swisstex Chemicals (Pvt.) Ltd	Sale of goods Purchase of goods Commission Dividend paid Right shares subscribe	1,160,000 35,276,000 847,000 23,957,000 36,297,000	Zaki Bashir	17% shareholding
Win Star (Pvt.) Ltd.	Purchase of goods	1,757,000	Mr. M. Bashir	50% shareholding
Ghafooria Industries (Pvt.) Ltd.	Rent Paid	4,800,000	Mr. M. Bashir Mr. Zain Bashir	8% shareholding 18% shareholding



# SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

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3. The Respondents were *prima facie* interested in the transactions stated above due to their shareholding and had not disclosed their interest and had participated in the proceedings to approve the above mentioned related party transactions. 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 for default under of section 214 and 216 of the Ordinance. The Respondents through one of their authorized representative; Mr. Muhammad Salim Ghaffar, Company Secretary, submitted a written response dated January 29, 2018. Mr. Ghaffar submitted that interested directors were not directors in the corresponding companies and were only shareholders, thus not having any control over the decision making of the above mentioned three related companies. It was further submitted that all the transactions in the SCN were in the normal course of business and were brought in the knowledge of the board of directors as related party transactions. It was submitted that the amounts in relevant transactions with Swisstex Chemicals (Private) Limited are minimal and insignificant as sales and purchases with Swisstex Chemicals (Private) Limited were about 0.0036% and 0.4446% of total sales and raw material purchases of the Company respectively. Further, payment of dividends and right shares issued by the Company to Swisstex Chemicals (Private) Limited are in fact transactions with owners.

4. In terms of the Commission's notification SRO 1003 (I)/2015 dated October 15, 2015, the powers to adjudicate cases under sections 214 and 216 have been delegated to the Executive Director (Corporate Supervision Department).

5. I have analyzed the facts of the case, provisions of Sections 214 and 216 of the Ordinance, arguments put forth in writing and during the hearing by the Authorized Representatives. The transactions amongst the companies are not material in nature. The respondents have also given an assurance to be careful with regard to related party transactions in future. I, hereby conclude the proceedings with no adverse order.

Abid Hussain  
Executive Director

**Announced:**  
February 26, 2018  
Islamabad