

*Before*

**Ali Azeem Ikram, Head of Department**

*In the matter of*

**Gulshan Spinning Mills Limited**

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Dates of Hearings

October 2, 2020, November 27, 2020,  
December 15, 2020, January 21, 2021,  
February 12, 2021, February 26, 2021, March  
15, 2021 and March 18, 2021

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**Order-Redacted Version**

Order dated March 26, 2021 was passed by Head of Department (Adjudication-I) in the matter of Gulshan Spinning Mills Limited. Relevant details are given as hereunder:

<b>Nature</b>	<b>Details</b>
1. Date of Action	Show Cause Notice dated April 30, 2020
2. Name of Company	Gulshan Spinning Mills Limited
3. Name of Individual*	The proceedings were initiated against Board of Directors of the Company.
4. Nature of Offence	Brief facts of the SCN are that review of annual audited financial statement of the Company for the year ended June 30, 2018 (the "Accounts") revealed that the chairman's review report was not attached with the Accounts. Hence, proceedings against the Respondents under section 192 and section 193 and section 479 of the Companies Act, 2017 (the Act) were initiated vide SCN dated April 30, 2020 and the Respondents were called upon to show cause in writing within fourteen days.
5. Action Taken	Key findings are given as hereunder:  I, have gone through the facts of the case, correspondence of the Company, given requirements of the Act, and submissions made. At the outset, it is highlighted that every financial statements circulated in terms of section 223 of the Act is required to contain a review report by the chairman on the overall performance of the board and effectiveness of the role played by the board in achieving the company's objectives. The chairman's report would essentially highlight the role played by the directors in meeting the desired objectives for the benefit of the shareholders. In case of the Company, chairman's review report was not attached with Accounts 2018 and stance of the Respondents is that non-compliance was inadvertent. As

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	<p>regard to view that directors' report was duly endorsed by the chairman, I, am of the view that in terms of requirements of section 192 of the Act, chairman's review report is required which is a separate report independent from directors' review report. Hence, the argument of the Respondents is not acceptable. Moreover, I, am of the view that subsequent compliance of the given requirements of the Act does not exonerate the Respondents, hence, they are liable to be proceeded in terms of section 192 of the Act.</p> <p>In view of above, I am of the considered view that the Respondents have not complied with the requirements stipulated in terms of section 192 of the Act while circulating Accounts of the year ended 2018. I, therefore in exercise of powers delegated under section 193 of the Act, hereby, impose a penalty of <b>Rs. 35,000/- only (Rupees thirty-five thousand)</b> on ***.</p> <p>The Respondent *** is, hereby, directed to deposit the aforesaid amount of penalty in the designated bank account maintained in the name of the Commission with MCB Bank Limited within thirty (30) days from the date of this Order and to furnish a receipted bank challan to the Commission forthwith. In case of failure to deposit the penalty, the proceedings under section 485 of the Companies Act, 2017 will be initiated for recovery of the fines as arrears of land revenue. It may also be noted that the said penalty is imposed on the Respondent in personal capacity; therefore, the Respondent is required to pay the said amount from personal resources.</p> <p>Nothing in this Order may be deemed to prejudice the operation of any provision of the Act providing for imposition of penalties in respect of any default, omission, violation of the Act.</p>
6. Penalty Imposed	Rs. 35,000/-
7. Current Status of Order	The penalty was not deposited. The appeal was filed.