

Before Amir Saleem, Joint Director (Adjudication-I)

In the Matter of Show Cause Notice issued to Gulistan Textile Mills Limited

Dates of Hearings:

January 21, 2020 & February 3, 2020

Order-Redacted Version

Order dated February 17, 2020 was passed by Joint Director/Head of Listed Companies Wing (Adjudication Department-I) in the Matter of Gulistan Textile Mills Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show Cause Notice dated April 24, 2019
2. Name of Company	Gulistan Textile Mills Limited
3. Name of Individual*	The proceedings were initiated against the Company's Board of Directors.
4. Nature of Offence	In view of alleged violations of Section 237 of the Companies Act, 2017.
5. Action Taken	<p>Key findings of default of the Act were reported in the following manner:</p> <p>I have analyzed the facts of the case, relevant provisions of the Act, and the arguments set forth by the Company over the course of hearing. The aforementioned provisions of the law are unambiguous and explicit. The fact that timing of interim financial statements is of essence, the disclosure requirements of these accounts have been kept to a bare minimum. Interim financial statements prepared accurately and in a timely manner provide to its users a reliable source of information regarding a Company's financial position and performance, besides illustrating the results of the management's stewardship of resources entrusted on to it.</p> <p>In order to ensure transparency, all companies must meticulously adhere to the law for preparation and circulation of interim financial statements. Moreover, directors have fiduciary duties towards the Company and its shareholders while providing information to various stakeholders concerning their performance as to how diligently and ethically they are discharging their fiduciary duties and responsibilities. Directors are obliged to ensure that such mechanisms are in place, and appropriate actions be taken, whereby financial and operational reporting of the Company is timely achieved, whilst ensuring due compliance of the law.</p>



Securities and Exchange Commission of Pakistan
Adjudication Division
Adjudication Department-I

	<p>2. In view of the foregoing, I have come to the conclusion that the Company failed to file its interim financial statements for the quarter ended September 30, 2018 within the time frame as stipulated under the law. I observe that said periodical financial statements are neither available on the website of the Company nor at PSX website. Further, these periodical financial statements are not even filed with the Commission to date. Hence, the pertinent provisions of the law have been violated, which renders Respondents liable to penal action in terms of Section 237 of the Act.</p> <p>Penalty Order dated February 17, 2020 was passed by Joint Director/Head of Listed Companies Wing (Adjudication Department-I)</p>
2. Penalty Imposed	Penalty aggregating Rs.70,000/- (Rupees seventy thousand only) was imposed on the Company's Board of Directors.
3. Current Status of Order	An Appeal has been filed by the Respondents before the Appellate Bench of the Commission.