

**Before Amir Saleem, Additional Director/Head of Wing (Adjudication-I)**  
**In the matter of Show Cause Notice issued to Gulistan Textile Mills Limited**

Dates of Hearing:

February 21, 2022, March 3, 2022 & May 26, 2022

**Order - Redacted Version**

Order dated June 29, 2022 was passed by Additional Director/Head of Wing (Adjudication-I) in the matter of Gulistan Textile Mills Limited. Relevant details are given as hereunder:

| <b>Nature</b>              | <b>Details</b>  |
|----------------------------|---|
| 1. Date of Action          | Show cause notice dated January 10, 2022  |
| 2. Name of Company         | Gulistan Textile Mills Limited  |
| 3. Name of Individual*     | The proceedings were initiated against the Board of Directors including the CEO and CFO ( <b>Respondents</b> ) of the Company.  |
| 4. Nature of Offence       | The Company is in contravention of Section 237 read with Section 479 of the Companies Act, 2017 ( <b>the Act</b> ) read with Circular No. 24 of 2017, vis-à-vis failing to electronically transmit its periodic financials for the periods ended September 30, 2020, December 31, 2020, March 31, 2021 and September 30, 2021.  |
| 5. Action Taken            | <p>Key findings were reported in the following manner:</p> <p>I have analyzed the facts of the case and the relevant provisions of the Act which 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, the Respondents 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. Respondents are obliged to ensure that such mechanisms are in place, and appropriate actions be taken, whereby financial reporting of the Company is timely achieved whilst ensuring due compliance of the law.</p> <p>In view of the foregoing, I have come to the conclusion that the Company failed to electronically transmit its interim financial statements for the periods ended September 30, 2020, December 31, 2020, March 31, 2021 and September 30, 2021 within the statutory timeframes which renders Respondents liable to penal action in terms of Section 237 of the Act.</p> |
| 6. Penalty Imposed         | Penalty aggregating Rs. 75,000/- imposed on the Chairman, CEO, Executive Director and CFO of the Company.   |
| 7. Current Status of Order | An Appeal has been filed by the Respondents.  |

**Redacted version issued for placement on website of the Commission.**