

Before Ali Azeem Ikram – Executive Director/Head of Department (Adjudication-I)

In the matter of Show Cause Notice issued to Suhail Jute Mills Limited

Dates of Hearings

May 20, 2019, October 5, 2020, October 13, 2020

Order-Redacted Version

Order dated October 20, 2020, was passed by Executive Director/Head of Department (Adjudication-I) in the matter of Suhail Jute Mills Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated April 26, 2019
2. Name of Company	Suhail Jute Mills Limited
3. Name of Individual*	The proceedings were initiated against the directors of the Company i.e. Suhail Jute Mills Limited
4. Nature of Offence	Violations under Section 192 read with Section 193 and Section 479 of the Companies Act, 2017, for non-circulation of chairman's review report for the year 2018.
5. Action Taken	Key findings were reported in the following manner: I have gone through the facts of the case, record of the Company, given requirements of the Act, and submissions made by the Authorized Representative. At the outset, it is highlighted that every financial statements circulated in terms of section 223 of the Act are 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. Therefore, I negate the understanding of the Respondents that such a report would be more efficacious and meaningful if the board was seized with decisions in the operational sphere. Review report by the chairman provides an overall independent assessment of the performance of the board of directors and this requirement in line with international best practices. Keeping in view that the Company is non-operational in nature, the review report of the chairman would essentially highlight the role played by the directors in meeting the desired objectives for the benefit of the shareholders. The Company, however, violated the requirements of section 192 of the Act and did not circulate with Accounts of 2018 a review report by the chairman. The Authorized Representative

	<p>admitted default in terms of section 192 of the Act and informed that subsequent to the Accounts of 2018, review report by the chairman was circulated along with Accounts.</p> <p>Keeping in view, a penalty of Rs. 50,000/- (Rupees fifty thousand) on the chief executive of the Company.</p> <p>Penalty order dated October 20, 2020 was passed by Executive Director/HOD (Adjudication-I).</p>
6. Penalty Imposed	A Penalty of Rs. 50,000/- (Rupees fifty thousand) was imposed on the chief executive of the Company.
7. Current Status of Order	No Appeal has been filed by the Respondents.