

**Before Amir Saleem – Additional Director/Head of Wing**

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

Dates of Hearing:	March 25, 2020, November 13, 2020, December 15, 2020, January 20, 2021, February 11, 2021, February 26, 2021, April 15, 2021, May 26, 2021 & June 16, 2021
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**Order - Redacted Version**

Order dated August 05, 2021 was passed by Additional Director/Head of Wing (Adjudication-I) in the matter of Hajra Textile Mills Limited. Relevant details are given as hereunder:

Nature	Details															
1. Date of Action	Show cause notice dated March 13, 2020															
2. Name of Company	Hajra Textile Mills Limited															
3. Name of Individual*	The proceedings were initiated against the directors, chief executive and CFO of the Company.															
4. Nature of Offence	<p>Proceedings were initiated in terms of Section 237 of the Companies Act, 2017 (<b>the Act</b>) read with Section 479 thereof.</p> <p>Brief facts of the case are that the Company failed to electronically transmit its interim financial statements for the following periods with the Commission within the stipulated time pursuant to Section 237 of the Act:</p> <table border="1" style="margin-left: auto; margin-right: auto;"><thead><tr><th style="text-align: center;">Quarter</th><th style="text-align: center;">Period ended</th><th style="text-align: center;">Filing due on</th></tr></thead><tbody><tr><td style="text-align: center;">1<sup>st</sup></td><td style="text-align: center;">September 30, 2017</td><td style="text-align: center;">October 30, 2017</td></tr><tr><td style="text-align: center;">2<sup>nd</sup></td><td style="text-align: center;">December 31, 2018</td><td style="text-align: center;">March 1, 2019</td></tr><tr><td style="text-align: center;">3<sup>rd</sup></td><td style="text-align: center;">March 31, 2019</td><td style="text-align: center;">April 30, 2019</td></tr><tr><td style="text-align: center;">1<sup>st</sup></td><td style="text-align: center;">September 30, 2019</td><td style="text-align: center;">October 30, 2019</td></tr></tbody></table>	Quarter	Period ended	Filing due on	1 <sup>st</sup>	September 30, 2017	October 30, 2017	2 <sup>nd</sup>	December 31, 2018	March 1, 2019	3 <sup>rd</sup>	March 31, 2019	April 30, 2019	1 <sup>st</sup>	September 30, 2019	October 30, 2019
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5. Action Taken	<p>Key findings were reported in the following manner:</p> <p>I have analyzed the facts of the case, relevant provisions of the Act and the information available on record. 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</p>															

	<p>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> <p>It is pertinent to note that Respondents have deprived the shareholders of their statutory right to receive the interim financial statements of the Company within the prescribed time. The preparation and circulation of quarterly accounts rests with the directors of the Company who are required to take appropriate action within the time stipulated under the law. The Company's unsatisfactory compliance history, corroborated by several defaults, evidently exhibits that its directors are not making any genuine efforts to adhere to the legal framework.</p> <p>In view of the preceding facts, I have concluded that the pertinent provisions of the statute have been violated, and Respondents are liable to penal action in terms of Section 237 of the Act for non-filing of interim financial statements for the periods ended September 30, 2017, December 31, 2018, March 31, 2019 and September 30, 2019 with the Commission within the statutory timeframe.</p>
6. Penalty Imposed	Penalty aggregating Rs. 280,000/- (Rupees two hundred and eighty thousand only) was imposed on the Respondents.
7. Current Status of Order	No Appeal has been filed by the Respondents.

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