

Before Ali Azeem Ikram, Executive Director/HOD (Adjudication-I)

In the matter of Show Cause Notice issued to Safa Textiles Limited

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Dates of Hearing	December 3, 2020, December 15, 2021, January 22, 2021, February 4, 2021 & March 5, 2021
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**Order-Redacted Version**

Order dated March 10, 2021 was passed by Executive Director/Head of Department (Adjudication-I) in the matter of Safa Textiles Limited. Relevant details are given as hereunder:

<b>Nature</b>	<b>Details</b>
1. Date of Action	Show cause notice dated November 24, 2020
2. Name of Company	Safa Textiles Limited
3. Name of Individual*	The proceedings were initiated against the Company
4. Nature of Offence	In view of alleged of Section 132 read with Section 479 of the Companies Act, 2017.
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 law are unambiguous and explicit. A company is required to hold its AGM within a period of one hundred and twenty days from the close of its financial year. Holding of the AGM is a vital statutory requirement as it provides an opportunity to the shareholders to participate in the discussion and vote on important corporate decisions in AGM. The AGM is a forum where shareholders can discuss performance of the Company and at the same time, management can present its stewardship of resources entrusted to it. In order to ensure transparency and to protect the shareholders' rights, all companies must meticulously adhere to the law by following the procedure prescribed under the Act for holding the AGMs.</p> <p>Moreover, the Company has fiduciary duties towards its shareholders, hence liable to a higher level of accountability, which requires it to be vigilant and perform its duties with utmost care and prudence. In this context, the Company cannot absolve itself from the statutory duties pertaining to holding of AGMs,</p>

	<p>preparation and filing of annual and quarterly financial statements in a timely manner as specified under the law.</p> <p>In view of the preceding facts, taking cognizance of the information available on record coupled with the fact that the Company has failed to convene its AGM for the year ended June 30, 2019 within the statutory timeframe, I have come to the conclusion that the pertinent provisions of the statute have been violated which renders the Company liable to penal action in terms of Section 132 of the Act.</p> <p>Therefore, in exercise of powers conferred under sub-section (5) of Section 132 of the Act, I hereby impose a fine of Rs. 100,000/- on Safa Textiles Limited.</p>
6. Penalty Imposed	A Penalty of Rs. 100,000/- (Rupees one hundred thousand only) imposed on Safa Textiles Mills Limited.
7. Current Status of Order	No Appeal has been filed by the Company.

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