



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

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

In the matter of Safa Textiles Limited

Dates of Hearing January 8, 2020, January 22, 2020, January 31, 2020, February 19, 2020

Order-Redacted Version

Order dated February 28, 2020 was passed by Executive Director/Head of Department (Adjudication-I) in the matter of Safa Textiles Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated March 01, 2019
2. Name of Company	Safa Textiles Limited
3. Name of Individual*	The proceedings were initiated against the directors of the Company i.e. Safa Textiles Limited
4. Nature of Offence	Violations of section 173 of the Companies Ordinance, 1984 (the "Ordinance")
5. Action Taken	Key findings were reported in the following manner: I have examined the facts of the case. Directors of a listed company have to owe their fiduciary duties, which inter alia, include to use their skill, experience and judgement, to ensure compliance of the requirements of the Ordinance and to make decisions which are in the interests of the company, whereas, the minutes of the board meetings narrate decisions of the directors. Moreover, minutes of the AGM provide fair resolutions adopted by the members present and their presence in AGM can be known from its attendance sheet. To cause fair and accurate minutes of the meetings of AGM along with its attendance sheets, and minutes of directors meetings along with attendance sheets, is statutory requirement, for which directors are liable to ensure compliance.



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	<p>2. In the aforementioned matter, as per available record, the Respondents have failed to maintain minutes of board of directors meeting held to approve annual audited financial statements for the year ended June 30, 2016, and attendance sheet of AGM held on October 29, 2016, which attracts provisions of section 173 of the Ordinance. The Authorized Representative has acknowledged the fact that non-compliance of the requirements of section 173 of the Ordinance was due to closure of operations of the Company and non-availability of staff. He has also ensured the compliance will be made in future. I, am therefore of the considered view that compliance of the requirements of section 173(1) of the Ordinance was not ensured by the Respondents.</p> <p>Nothing in this Order may be deemed to prejudice the operation of any provision of the Act providing for imposition of penalties in respect of any default, omission or violation of the Act.</p> <p>Warning order dated February 28, 2020 was passed by Executive Director (Adjudication Department-I).</p>
6. Penalty Imposed	No penalty imposed
7. Current Status of Order	No Appeal has been filed by the respondents

Redacted version issued on August 21, 2020 for placement of website of the Commission.