

**Before Amir M. Khan Afridi - Head of Department**

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

Dates of Hearing:

December 2, 2020, February 17, 2021, March 5,  
2021 & April 15, 2021

**Order - Redacted Version**

Order dated October 29, 2021 was passed by Head of Department (Adjudication-I) in the matter of Mohammad Farooq Textile Mills Limited. Relevant details are given as hereunder:

<b>Nature</b>	<b>Details</b>
1. Date of Action	Show cause notice dated November 23, 2020
2. Name of Company	Mohammad Farooq Textile Mills Limited
3. Name of Individual*	The proceedings were initiated against the Company
4. Nature of Offence	<p>Proceedings were initiated in terms of Section 132 of the Companies Act, 2017 (the Act) read with Section 479 thereof as</p> <p>Brief facts of the case are that the Respondent failed to convene its Annual General Meeting (<b>the AGM</b>) for the financial year ended June 30, 2018 within a period of one hundred and twenty days following the close of its financial year as required under sub-section (1) of Section 132 of the Act. By not holding the said AGM within the required time period, the Respondent has contravened the provisions of Section 132 of the Act.</p>
5. Action Taken	<p>Key findings were reported in the following manner:</p> <p>I have considered the facts of the case and relevant provisions of the law and state that holding of AGM is a vital statutory requirement as it provides opportunity to the members to participate in the decision making and voting on agenda items of the general meetings which include consideration and approval of the company's financial statements.</p> <p>In order to ensure transparency and protect the shareholders' rights, all companies must adhere to the law by following the relevant procedure for holding AGMs. The Respondent cannot absolve itself from its statutory duties pertaining to holding of the AGM, preparation and filing of annual and quarterly financial statements in a timely manner as specified under the law.</p> <p>In view of the above, it is concluded that the relevant provisions of the statute have been violated which renders the Respondent liable to penal action in terms of Section 132 of the Act.</p> <p>Therefore, in the exercise of powers conferred under sub-section (5) of Section 132 of the Act, I hereby impose a fine of Rs. 157,500/- (Rupees one hundred fifty-seven thousand, five hundred only) on the Respondent i.e. Mohammad Farooq Textile Mills Limited.</p>
6. Penalty Imposed	Penalty of Rs. 157,500/- imposed on the Company.
7. Current Status of Order	No Appeal has been filed by the Company.

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