

Before Amir M. Khan Afridi, Director/HOD (Adjudication-I)

In the matter of Show Cause Notice issued to Sarhad Rural Support Program

Dates of Hearing

May 10, 2022

Order-Redacted Version

Order dated June 20, 2022 was passed by Director/Head of Department (Adjudication-I) in the matter of Sarhad Rural Support Program. Relevant details are given as hereunder:

| Nature | Details |
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| 1. Date of Action | Show cause notice dated April 19, 2022. |
| 2. Name of Respondent | Sarhad Rural Support Program (the Company and / or the Respondent) |
| 3. Nature of Offence | Alleged contraventions of sub-section (1) of Section 132 read with sub-section (5) of Section 132 of the Companies Act, 2017 (the Act). |
| 4. Action Taken | <p>Key findings were reported in the following manner:</p> <p>I have gone through the facts of the case, considered the written submissions and the arguments made during the hearing proceedings, in light of the aforesaid legal provision and state that holding AGM within one hundred and twenty (120) days of the close of financial year is a statutory requirement and is required to be timely held. It was observed that the Respondent approached the Commission on November 1, 2021 for renewal of its microfinancing license, soon after it was highlighted by its Statutory Auditor. Although, upon highlighting the matter of renewal of its microfinance license, the Company promptly approached the Commission, but after expiry of the specified time period of one hundred and twenty (120) days for holding the AGM. Should, the Company approached the Commission for renewal of the license well in time, the delay in holding the AGM might not be occurred. Non-compliance of sub-section (1) of Section 132 of the Act has been established & acceded and therefore, the Respondent is liable to be penalized under sub-section (5) of Section 132 of the Act. However, keeping in view fact that the Respondent is an unlisted, Section 42 company providing microfinance services; it promptly approached the Commission for renewal of its microfinance financing license upon highlighting by its statutory auditors; the delay in holding the AGM is not significant, it is just forty days; I in terms of the powers conferred under sub-section (5) of Section 132 of the Act,</p> |

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| | <p>hereby conclude the proceedings initiated through the SCN without imposing any monetary penalty. The Company is, however, warned to ensure compliance with all the applicable regulatory requirements including timely holding of AGM and seeking renewal of its license for microfinancing in letter and spirit in future. In order to rectify the aforesaid delay in holding the AGM, the Company is advised to seek approval of the registrar under sub-section (1) of Section 132 of the Act.</p> |
| 5. Penalty Imposed | Warning |
| 6. Current Status of Order | |