



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department- I

Adjudication Division

ORDER	
Name of Company:	M/s. Safa Textile Mills Limited
Show Cause Notice No. & Date:	No. CSD/ARN/148/2015-674 dated December 05, 2024
Respondents:	(i) Syed Tariq Hussain, Chief Executive; (ii) Mr. Adnan Imam, Director; (iii) Ms. Farhat Iqbal, Director; (iv) Pirzada Ayaz Rafi, Director; (v) Ms. Sabeen Tariq, Director; (vi) Syed Rushan Hussain, Director; and (vii) M/s. Safa Textile Mills Limited.
Date(s) of Hearing(s):	(i) December 23, 2024; and (ii) January 15, 2025.
Case represented by:	<i>No one Appeared</i>
Provision of law involved:	Section 132 of the Companies Act, 2017 read with Section 479 of the Companies Act, 2017
Date of Order	March 28, 2025

This Order shall dispose of the proceedings initiated by the Securities and Exchange Commission of Pakistan (the “Commission”) through the Show Cause Notice No. CSD/ARN/148/2015-674 dated December 05, 2024 (the “SCN”) against M/s Safa Textile Mills Limited (the “Company”), its Board of Directors (BoD) and the Company Secretary, hereinafter collectively referred to as the “Respondents”, issued under Section 132 of the Companies Act, 2017 read with Section 479 of the Companies Act, 2017 (the “Act”).

2. The brief facts of the case are that the Company in terms of the requirement of Section 132(1) of the Act was required to hold its Annual General Meeting for the year ended June 30, 2024 (the “AGM”) within a period of one hundred and twenty (120) days following the close of its aforesaid financial year i.e. by October 28, 2024. The relevant provisions of law are reproduced hereunder:

“132. Annual general meeting. —(1) Every company, shall hold, an annual general meeting within sixteen months from the date of its incorporation and thereafter once in every calendar year within a period of one hundred and twenty days following the close of its financial year...

(5) Any contravention or default in complying with requirement of this section shall be an offence liable— (a) in case of a listed company, to a penalty of level 2 on the standard scale...”

3. The relevant record of the Commission revealed that the Respondents failed to hold the AGM of the Company, as required under sub-section (1) of Section 132 of the Act. While taking cognizance of the said contravention, a SCN was issued to the Respondents to show the cause in writing as to why penal action may not be taken against them for non-compliance with the provisions of Section 132 of the Act. However, in response to the SCN, the Respondents made no submissions.

Handwritten signature and date: 29-03-2025

4. In order to provide an opportunity for personal representation, a hearing in the matter was fixed for December 23, 2024, however, no one appeared on behalf of the Respondents, nor was any adjournment sought.

5. Subsequently, to meet the ends of justice and to provide a final opportunity for personal representation, a hearing in the matter was re-fixed for January 15, 2025, with clear advice that in case of non-appearance, the matter would be decided *ex-parte* based on the record available with the Commission and on its merits. Again no one appeared on behalf of the Respondents, nor any request for adjournment was received. It is pertinent to mention for the record that for all the aforementioned hearings, notices were issued which were duly received at the registered office address of the Company i.e. Plot No. 26&26/1, Sector 12 D, North Karachi Industrial Area, Karachi and were not returned undelivered.

6. I have gone through the relevant provisions of Section 132(1) of the Act, considered the facts of the case and available record of the Company. I have also perused Section 132(5) of the Act, which stipulates penal provisions for contravention of the afore-referred provisions of law. I have noted that in terms of Section 132(1) of the Act, every company is required to hold its AGM once in every calendar year within a period of one hundred and twenty (120) days following the close of its financial year. Accordingly, the Company was obligated to hold its AGM for the financial year 2023-24 by October 28, 2024, which it has failed to do so. The holding of AGMs on time is a crucial legal requirement that ensures transparency, accountability, and shareholder engagement. It allows shareholders to participate in discussions, approve financial statements, and hold management accountable. Adhering to legal provisions under the Act is essential for protecting shareholders' rights, fostering trust, and promoting good corporate governance. A listed company must meet its statutory duties to hold AGMs on time, facilitating open communication and feedback from its shareholders.

7. In the recent judgment passed by the Appellate Bench of the Commission, in the matter of *Gulistan Spinning Mills Limited vs. Director/HoD Adjudication-I* (Appeal No. 71 of 2022), the Appellate Bench has held that *"A public listed company has a higher responsibility to disseminate a true and accurate state of affairs to all the stakeholders by holding the AGM within the stipulated time so that appropriate and timely decisions are made. Therefore, the Company, the BoD and Company Secretary should have conducted the AGM as per the applicable legal framework."*

8. The record of the Company maintained at the Company Registration Office (CRO) of the Commission also reveals that the Company has not filed any statutory returns evidencing holding of the AGM under question as per the requirements of law. Furthermore, as per the available record, the Company also failed to hold its AGMs for the years 2018, 2019, 2020, 2021 and 2023 for which penal actions were taken vide orders dated February 28, 2020, March 10, 2021, February 15, 2022, May 06, 2022 and March 06, 2024, respectively. This unfortunately demonstrates a recurring/habitual non-compliance by the Respondents.

9. It is important to note that despite multiple hearing opportunities the Respondents failed to participate in the proceedings or submit any response regarding non-compliance; thereby reflecting their non-cooperative behaviour in the matter. Therefore, I am left with no other option except to pass an *ex-parte* order in the subject proceedings on the basis of available record with this office.


10. In view of the preceding facts, I am of the considered view that by failing to hold AGM within the prescribed timeframe, the contravention with the requirements of sub-section (1) of Section 132 of the Act has been established beyond doubt which attracts penal action in terms of sub-section (5) of Section 132 of the Act. I, therefore, in the exercise of the powers conferred upon me under sub-section (5) of Section 132 of the Act, vide S.R.O. 1545(I)/2019 dated December 06, 2019, hereby, impose an

Handwritten signature and date:
28-03-2025

aggregate penalty of **Rs. 200,000/- (Rupees Two Hundred Sixty Thousand only)** on the Respondents in the following manner:

S.No.		Penalty Amount (Rupees)
1.	Syed Tariq Hussain	20,000/-
2.	Mr. Adnan Imam	20,000/-
3.	Mr. Farhat Iqbal	20,000/-
4.	Pirzada Ayaz Rafi	20,000/-
5.	Ms. Sabeen Tariq	20,000/-
6.	Syed Rushan Hussain	20,000/-
7.	M/s. Safa Textile Mills Limited	80,000/-
	Total Amount	200,000/-

12. The Respondents are hereby directed to deposit the aforesaid amount of penalty in the designated bank account maintained in the name of the Commission with MCB Bank Limited or United Bank Limited within thirty (30) days from the date of this Order and furnish receipted bank challan to the Commission forthwith. In case of failure to deposit the penalty, the proceedings under Section 485 of the Act will be initiated for recovery of the fines as arrears of land revenue pursuant to provisions of Section 42B of the Securities and Exchange Commission of Pakistan Act, 1997.


28-03-2025
Sohail Qadri
Director/ HOD
Adjudication Department-I

Announced:
Dated: March 28, 2025
Islamabad