

Before Shahzad Afzal Khan, Director/HOD (Adjudication-I)

In the matter of Show Cause Notice issued to Cashew Financial Services Limited

Dates of Hearing

January 23, 2023

Order-Redacted Version

Order dated January 31, 2023 was passed by Director/Head of Department (Adjudication-I) in the matter of Cashew Financial Services Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show Cause notice dated December 09, 2022.
2. Name of Respondent(s)	Cashew Financial Services Limited, (the Company and/ or the Respondent)
3. Nature of Offence	Alleged contraventions of <u>Circular No. 01 of 2010 dated January 15, 2010 (the Circular)</u> read with <u>Section 282J of the Companies Ordinance, 1984 (the Ordinance)</u> .
4. Action Taken	<p>Key findings were reported in the following manner:</p> <p>I have examined the facts of the case in light of the applicable provisions of the law and have given due consideration to the written as well as verbal submissions and arguments of the Respondent and the Representatives in light of the aforesaid legal provisions. I am of the considered view that in accordance with the requirements of the Circular, the Company was required to file the monthly returns through SCRS by 10th of every month whereas the Company submitted the monthly returns for the period March to November 2022 with considerable delay (i.e. delay ranging from 10 days to 90 days approximately). In view of the foregoing and the admission made by the Respondent and the Representatives, non-compliances/ contraventions of the provisions of the Circular have been established, which attract imposition of penalty under Section 282 J of the Ordinance. However, considering that the Respondent is a new entrant into the financial market, is focusing on reaching out to the unbanked part of the economy, therefore was facing issues in the reconciliation of payments/deposits for which an inhouse system is being developed, the latest monthly returns (i.e. for the month of December 2022) has been filed in time as per the requirement of the Circular and the assurance given by the Respondent and the Representatives for compliance in future, a lenient view is being taken and I, in the exercise of the powers conferred under Section 282J of the Ordinance, I hereby, impose a nominal fine of Rs.25,000/- (Rupees, Twenty-Five Thousand Only) on the Company on account of the aforesaid established non-compliance.</p>

5. Penalty Imposed	Rs. 25,000/-
6. Current Status of Order	Penalty Deposited and No Appeal has been filed by the respondents.