



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

Date 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 Department-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 226 of the Companies Ordinance, 1984 (the "Ordinance")
5. Action Taken	Key findings were reported in the following manner: I have analyzed the facts that the Company had leased out sizable part of its factory premises to various tenants, consequently, security deposits of Rs. 1,630,000/- obtained from four tenants. The Authorized Representative failed to provide any supporting evidence to substantiate his argument that the said amount was not a security deposit and provisions of section 226 of the Ordinance were not applicable. Further, in absence of contract in writing, the aforementioned security deposits was not kept or deposited in a special bank account with a scheduled bank.



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	<p>2. From the aforesaid, I, am of the considered view that compliance of the requirements of section 226 of the Ordinance was not ensured by the Respondents as an amount of Rs. 1,630,000/- received from four tenants, were not kept or deposited in a separate bank account, and neither any supporting evidence of compliance was furnished, for which provisions of section 226 and section 229 of the Ordinance are attracted for the aforesaid contravention. I, in terms of section 229 of the Ordinance, hereby impose aggregate penalty of Rs. 30,000/- (Rupees thirty thousands only) for contravention of the requirements of section 226 of the Ordinance on 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>Penalty order dated February 28, 2020 was passed by Executive Director/HOD (Adjudication Department-I).</p>
6. Penalty Imposed	A penalty of Rs.30,000/- (Thirty thousands) was imposed on the Company.
7. Current Status of Order	No Appeal has been filed by the respondents

Redacted version issued on August 25, 2020 for placement of website of the Commission.