



**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:

<b>Nature</b>	<b>Details</b>
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	Violation of section 252 read with section 259 and section 476 of the Companies Ordinance, 1984 (the "Ordinance")
5. Action Taken	Key findings of were reported in the following manner:  I have analyzed the facts given in inspection report, casual vacancy in the office of auditor was filled by chief executive by appointing M/s Suhail & Co., chartered accountants, which transpires that no resolution of directors to fill casual vacancy was passed by directors. It may be noted that directors of a company exercise their powers to discharge their duties while passing resolutions in board meetings, therefore, chief executive cannot take control of the entire board for his decision to fill casual vacancy of auditor. The duty of directors to fill casual vacancy of the auditor has been provided in the statute and the directors of the Company, which is being a listed company, are



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	<p>entrusted to discharge their duties, while ensuring compliance of the given requirements. In the instant case, authorized representative, did not deny the non-compliance of section 252 of the Ordinance, to fill casual vacancy of auditor in November 2016, due to resignation of outgoing auditor M/s RSRIR, chartered accountants, nor any evidence in support was provided by the Respondents.</p> <p>2. From the aforesaid, I, am of the considered view that compliance of the requirements of section 252 of the Ordinance was not ensured by the Respondents. Therefore, I, in terms of section 259 of the Ordinance, hereby, impose aggregate penalty of Rs. 60,000/- (Rupees six thousands only) for contravention of the requirements of section 252 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.60,000/- (Sixty 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.