



Securities and Exchange Commission of Pakistan

BEFORE THE APPELLATE BENCH

In the matter of

Appeal No. 82 of 2023

Neymat Pakistan Limited

...Appellant

versus

- 1) Commissioner CCD (SECP), Islamabad
- 2) Director (Licensing) I
- 3) Registrar, CRO, Lahore
- 4) Securities and Exchange Commission of Pakistan

...Respondents

Dates of hearing:

October 12, 2023
August 09, 2024

For the Appellant:

Mr. Tahir Latif (CEO)
Mr. Muhammad Mehboob

For the Respondents:

1. Mr. Mohsin Syed, Additional Registrar- Adjudication-II, SECP, CRO Lahore.
2. Sanauallah Jatui, Deputy Director- Adjudication II, SECP
3. Hafiza Riaz, Management Support, Adjudication II, SECP

ORDER

1. This Order is being passed in furtherance to the interim order dated October 27, 2024 (the Interim Order) and shall dispose of Appeal No. 82 of 2023 filed by Neymat Pakistan (the Appellant) under Section 33 of the Securities and Exchange Commission of Pakistan Act, 1997 (the SECP Act), against the Order dated August 30, 2019 (the Impugned Order), passed by the Commissioner-CCD, SECP (the Respondent No.1).



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2. Brief facts of the instant appeal are that the Appellant was granted license under Section 42 of the erstwhile Companies Ordinance, 1984 on June 07, 2016 and subsequently, the Appellant was incorporated as a company on August 11, 2016. Inspection of the Appellant in terms of Section 221 of the Companies Act, 2017 (the Act) revealed various non-compliances and consequently, a show-cause notice dated April 30, 2019 (the SCN) was issued to the Appellant and its Chief Executive. Despite granting multiple hearing opportunities, no person appeared on behalf of the Appellant. In view thereof, Respondent No.1, in exercise of powers conferred under sub-section (5) of Section 42 of the Act, passed the Impugned Order and revoked the license of the Appellant. The Appellant was further directed to proceed in terms of Section 43 of the Act.
3. The Appellant had preferred this Appeal on the ground that the Appellant is engaged in a noble cause and, thus, its license may be restored to enable the Appellant to carry on with welfare activities. The Appellant, when confronted regarding the present compliance status, undertook that the Appellant is ready to comply with all the pending requirements if an opportunity is granted to fulfil/comply/rectify, all statutory and license requirements, wherein, the Appellate Bench (the Bench) allowed the same through the Interim Order and the Appellant was given a period of four months to comply with all outstanding statutory and license requirements. Accordingly, a compliance report was submitted before the Bench by the Company Registration Office Lahore (the CRO/ Respondent No.3), wherein, the CRO expressed satisfaction to the extent that Compliances have been made by the Appellant.
4. The Appeal has been taken up in light of the report submitted by the CRO, which was attended by the CEO of the Appellant, who stated that all compliances have been made, therefore, the License of the Appellant may kindly be restored/renewed. However, the Respondents' raised objections and stated that certain compliances have still not been fulfilled by the Appellant and that it has not fully adhered with the Interim Order. The objection raised by the Respondents' was that the Appellant was also required to meet the requirements to obtain the Non-Banking Finance Company License (the NBFC License), however, the Appellant still hasn't met the equity requirement for the issuance of the NBFC license. The Respondents' further stated that five non-compliances were established in the Impugned Order and the Appellant was directed vide the Interim Order to rectify such non-compliances, however, it failed to do so. The



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Respondents' contended that major non-compliances are still apparent and that the license of the Appellant company may not be restored. Following three non-compliances still exist;

- i. That no prior permission of the Securities and Exchange Commission of Pakistan (the Commission) has been brought on record for the change of directorship in the Appellant as it is a legal requirement for a Company set up under Section 42 of the Act to seek prior approval of the Commission for change in directorship;
- ii. That the Appellant has not submitted its letterhead, wherein, it had to mention that it is Company set up under section 42 of the Companies Ordinance/Act;
- iii. That the Appellant's promoters have not contributed to a start-up donation amount into the bank account of the Appellant.

The Respondents' while concluding the objections, contended that major non-compliances are still apparent and that the license of the Appellant may not be restored.

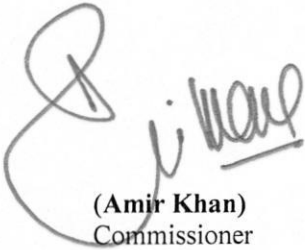
5. The Appellant, in response to the Respondents' objections, agreed that the letterhead has not been prepared and the same is a *bonafide* mistake on part of the Appellant and will be rectified and will be submitted. The Appellant further stated that the bank account of the Appellant has been frozen due to the cancellation of the license and the start-up donation fund can only be deposited once the license of the Appellant Company is restored and the bank account of the company is active. While responding to the third objection, the Appellant stated they have filed Form-29 with regard to inclusion of a director in the company. In addition to the objections raised by the Respondents, while answering a query of the Bench, the Appellant's representative stated that equity requirements for the NBFC License shall be met through transferring the assets of *Nazia Yousaf Memorial Trust* to Neymat Pakistan Ltd., and in this regard, the promoters are ready and willing to submit an undertaking as well as an Auditor's certificate. The Appellant, however, stated that equity requirements for NBFC License can only be met, once the license under Section 42 is restored or renewed.
6. The Bench has heard the arguments of both the parties and perused the record along with the compliance report. The Bench is of the opinion that the Appellant had been given ample time to comply with the non-compliances established in the Impugned Order. The Bench has noted that the appeal has been fixed after a period of more than four months and the Appellant has still not fully adhered to the directions contained in the Interim Order. However, the conduct of




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the Appellant is condoned by the Bench as the record indicates that the Appellant did make a *bonafide* effort to fulfil the other non-compliances. The Bench considers it reasonable to grant the Appellant one last and final opportunity to fulfil all non-compliances to the satisfaction of the licensing department or any other relevant department, if any, of the Commission within a period of 30 days from the date of this order. However, the Bench deems it necessary to obtain an affidavit from the Chief Executive Officer (CEO) of the Appellant to the extent that the startup donation fund and equity requirements will be concurrently met after the restoration of the license, and immediately upon the reactivation of the bank accounts of the Appellant company, which will ensure the same.

7. In view of the foregoing, the Bench is referring the matter to the licensing department and any other concerned department with the directions to the Appellant to fulfil all pending non-compliances within a period of thirty days, where after no further time shall be granted. In case the Appellant fails to comply with the direction and timeline mentioned in this order, the decision made through the Impugned Order shall remain intact. In view thereof, we hereby **dispose of** this Appeal without any order as to costs.



(Amir Khan)
Commissioner



(Abdul Rehman Warraich)
Commissioner

Announced on 25 SEP 2024