



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department- I

Adjudication Division

ORDER	
Name of Company:	M/s. Zameen REIT Management Limited
Show Cause Notice No. & Date:	No. SECP/SCD/Adj-I/ZAMEEN/167/2025-376 dated February 11, 2025
Respondents:	(i) M/s. Zameen REIT Management Company Limited (ii) Mr. Adil Ahmad Kamal, Director/CEO (iii) Ms. Faiza Iftikhar, Director (iv) Mr. Zeeshan Ali Khan, Director (v) Mr. Muhammad Kamran Nasir, Director (vi) Ms. Maryam Haq, Director (vii) Mr. Tanzain Shafqat, Director (viii) Mr. Sadiq Ali, Director (ix) Ms. Mariam Saleem Akbar, Director
Date(s) of Hearing(s):	(i) March 06, 2025
Case represented by:	(i) Ms. Fariha Naveed (Authorized Representative)
Provision of law involved:	Section 282J (1) of the Companies Ordinance, 1984 for Contravention of Rule 7(1)(da) read with Schedule-I of the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003
Date of Order:	April 23, 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. SECP/SCD/Adj-I/ZAMEEN/167/2025-376 dated February 11, 2025 (the "SCN") against M/s. Zameen REIT Management Limited (the "Company") and its Board of Directors ("BoD"), hereinafter collectively referred to as the "Respondents", for contravention of the requirements of rule 7(1)(da) and Schedule I of the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the "NBFC Rules"), read with Section 282J (1) of the Companies Ordinance, 1984 (the "Ordinance").

2. The provisions of rule 7(1)(da) read with clause 7 of Schedule I of the NBFC Rules provide that a NBFC shall furnish to the Commission its annual financial statements in accordance with requirements of Schedule I of the NBFC Rules which in turn refer to the requirements of the Ordinance; now the Companies Act, 2017 (the "Act"). The corresponding provisions of the Act set forth the following requirements for the submission of annual audited financial statements:

- (i) Section 223(2) of the Act requires that; "(2) The financial statements must be laid within a period of one hundred and twenty days following the close of financial year of a company".
- (ii) Section 233(1) of the Act requires that; "(1) Without prejudice to the provisions of sub-section (5) of section 223, after the audited financial statements have been laid before the company at the annual general meeting and duly adopted, a copy of such financial statements together with reports and documents required to be annexed to the same, duly signed in the manner provided by section 226, 232 and 251, shall be filed by the company with the registrar within thirty days from the date of such meeting in case of a listed company and within fifteen days in case of any other company."
- (iii) Section 132(1) of the Act requires that; "(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."

3. Brief facts of the case are that the Company was incorporated on March 1, 2023 as a Public Limited Company and licensed by the Commission on May 16, 2023 to operate as a REIT Management Company ("RMC") under the NBFC Rules and the Real Estate Investment Trust Regulations, 2022 (the "REIT Regulations"). In terms of aforesaid provisions of the NBFC Rules read with the relevant provisions of the Act,

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the Company was required to hold its Annual General Meeting ("AGM") within one hundred and twenty days following the close of its financial year and was further required to file its annual audited financial statements for the year ended June 30, 2024 by **November 12, 2024**. However, the Company failed to file its annual audited financial statements with the Commission /Registrar within stipulated time.

4. In order to probe the matter, the Commission vide email dated December 20, 2024, and subsequent reminders vide emails dated December 27, 2024, January 03, 2025, and January 09, 2025, sought justification from the Company for non-submission of Accounts. However, no reply/ submissions were made by the Company.

5. The aforesaid contraventions indicate that the Respondents, *prima facie*, failed to comply with the requirements of rule 7(1)(da) read with Schedule I of the NBFC Rules, which attracts penal actions under Section 282J (1) of the Ordinance. The relevant provisions of law as applicable are reproduced hereunder:

Rule 7(1)(da) of the NBFC Rules:

"(1) A NBFC shall

(da) furnish to the Commission its quarterly and annual financial statements in accordance with Schedule 1 "

Section 282J (1) of the Ordinance:

"Penalty for failure, refusal to comply with, or contravention of any provision of this Part.-

(1) Notwithstanding anything contained in any other provision of this Ordinance, if a NBFC or the notified entity or its officers (including auditors) fails or refuses to comply with, or contravenes any provision contained in this Part or of any of the provisions of the rules or regulations made under section 282 B or regulation, circular or directive or any direction or order passed by the Commission under the provisions contained in this Part or knowingly and willfully authorizes or permits such failure, refusal or contravention, shall, in addition to any other liability under this Ordinance, be also punishable with fine the amount of which shall not exceed fifty million rupees:

Provided that if the failure, refusal, default, contravention is committed by NBFC or the notified entity, every director, manager, or other officer or person responsible for the conduct of its affairs shall, unless he proves that the failure or contravention or default took place or committed without his knowledge, or that he exercised all diligence to prevent its commission, be deemed to be guilty of the offence."

6. Accordingly, a SCN was served upon the Respondents on February 11, 2025 to show the cause in writing as to why a penal action may not be taken against them for non-compliance with the provisions of rule 7(1)(da) of the NBFC Rules. In response to the SCN, the Respondents via letter dated February 25, 2025 inter alia submitted the following:

(i) *It is submitted that Rule 7(1)(da) read with Schedule I of the NBFC Rules mandates that a company providing REIT management services must submit its financial statements as per requirements of the Ordinance. Under Section 233 (1) of the Act, a company (other than a listed company) is required to file its financial statements with the Commission within fifteen (15) days after their approval at the Annual General Meeting ("AGM"),*

(ii) *The Company has been diligently working towards completion of the audit for the financial year ended 30 June 2024. However, due to unforeseen circumstances, the audit process has encountered delays. We want to assure the Commission that completion of audit is a top priority for the Company, and we are working closely with our auditors to expedite the process. Notwithstanding these challenges, the Company remains fully committed to fulfilling its statutory obligations and has been working closely with its auditors to expedite the process. As per the auditors' latest communication, the audit is at its final stages and is expected to conclude within twenty (20) working days of this reply.*

(iii) *Given that the delay is neither wilful nor negligent, and in light of the Company's continuous efforts to comply, we request that no adverse action be taken against the Company, its Board of Directors, or its Chief Executive Officer.*

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(iv) Upon completion of the audit, the Company will promptly submit an application under Section 147 of the Act, seeking the Commission's approval for convening the AGM for the financial year ended 30 June 2024. Following receipt of the Commission's directive, the Company will proceed with holding the AGM and, subsequently, file its audited financial statements with the Commission in compliance with statutory requirements.

(v) In view of the above, we request the Commission to consider the factual circumstances and ongoing compliance efforts and, accordingly, not impose any penalties. The Company will further explain its position in detail during the hearing scheduled for March 6, 2025."

8. Moreover, the Company Secretary of the Company vide email dated February 28, 2025, submitted that Ms. Faiza Iftikhar is no longer an independent director of the Company as she was removed vide board resolution dated April 3, 2024 and the relevant Form 29 was filed and the matter is pending with Company Registration Office Lahore (CRO) as of date. The records available at CRO, corroborate this stance, however, the submitted form is deficient due to which the same has not been recorded/accepted by CRO till date.

9. In order to provide an opportunity of being heard to the Respondents, hearing in the matter was fixed for March 06, 2025, which was attended by Ms. Fariha Naveed, Company Secretary, on behalf of the Respondents as their Authorized Representative (the "Representative"). The Representative reiterated the written stance and further asserted that the delay in completing the audit process is attributable to their auditor, KPMG; however, no written explanation for the delay has been provided by the auditor. The Representative further submitted that the auditor is conducting the audit of the financial statements and the Code of Corporate Governance separately. They are vigorously following up with the auditor for completion of audit on an early date and are expect to hold AGM, which will include the election of directors, in April or May 2025.

10. I have gone through the relevant provisions of rule 7(1)(da) of the NBFC Rules and considered the facts of the case, available record of the Company, as well as the verbal submissions of the Representative. I have also perused Section 282J(1) of the Ordinance, which stipulates penal provisions for contravention of the afore-referred provision of the law. It is observed that in terms of rule 7(1)(da) of the NBFC Rules, every NBFC is required to file its annual audited financial statements within fifteen (15) days of their adoption in the annual general meeting; which, in turn, is required to be held once in every calendar year within a period of one hundred and twenty (120) days following the close of its financial year.

11. The holding of AGMs and filing of audited financial statements in a timely manner is a crucial legal requirement that ensures transparency, accountability, shareholder engagement and provides an accurate reflection of its financial health to all stakeholders. The audited financial statements allow shareholders, creditors, and regulators to assess the financial position of the company, fostering transparency and trust and delays in their filing may create uncertainty, undermine investor confidence and promote accountability within the company. Adhering to legal provisions under the Act is essential for protecting shareholders' rights, fostering trust, and promoting good corporate governance. A public limited company must meet its statutory duties to hold AGMs and file audited financial statements with the Registrar, in time, facilitating open communication and feedback from its shareholders. Accordingly, the Respondents were obligated to hold the AGM of the Company for the financial year 2023-24 by October 28, 2024 and to file the approved annual audited financial statements with the Registrar by November 12, 2024, which they have evidently failed to do so. The details are tabulated as below:

AGM Due Date as per the Act	Audited Accounts filing Due Date	AGM Actually held on	Audited Accounts Filed on
October 28, 2024	November 12, 2024	Not yet	Not submitted

12. It is important to note that the law clearly specifies the timelines and procedure for these actions, therefore, the failure of Respondents to hold the AGM and file the annual financial statements in a timely and prescribed manner, as stated above, is a contravention of rule 7(1)(da) read with Schedule I of the NBFC Rules. In a judgment passed by the Appellate Bench of the Commission in the matter of TRG Pakistan Limited vs. the

Securities and Exchange Commission of Pakistan (2011 CLD 1647), it was, inter-alia, held that "Company had failed to hold Annual General Meeting for relevant year, even within extended time; and Directors of the company had also failed to lay before the company in Annual General Meeting a balance-sheet and profit and loss account for relevant year, within stipulated period---Reasons put forth by the authorized representative of the company, did not carry merit and did not justify the default---Directors of the company were responsible to hold timely Annual General Meeting for providing timely information to its shareholders in order to enable them to consider and approve the significant matters like approval of accounts, appointment of auditors, election of Directors, performance of the company and other important issues relating to the company---Directors of the company had admitted their failure to fulfil the responsibility entrusted to them in the Companies Ordinance, 1984 with respect to presenting the financial statements of the company and holding Annual General Meeting for the approval of financial statements within the stipulated period---Explanations with regard to company's failure to furnish copy of its Annual report and other financial statements of the company to the Commission within the prescribed time as required under R.7(1) of Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003, did not prove that failure or contravention or default took place or was committed without the Directors' knowledge---."

13. The Representative and the Respondents have contended that the delay on part of the auditor in completing the audit and submission of his audited report for the financial year 2023-24 has prevented them in holding of AGM and subsequent submission of financial statements to the Commission/Registrar. However, this argument does not hold an admissible basis, since the Respondents themselves had a legal and fiduciary responsibility to plan their operations and reporting cycles in compliance with statutory deadlines. Delays indicate lack of robustness in terms of ensuring compliance efficaciously as the Respondents were required to schedule the audit and financial statement preparations well in advance to meet statutory obligations of reporting requirements to ensure desirable transparency and accountability. In the case cited as 2017 CLD 1019, the appellants argued that it was the responsibility of the chartered accountant which the Company had hired to ensure compliance of relevant provisions of the Ordinance; however, the non-compliance of the company was not excused and impugned order was rightfully upheld.

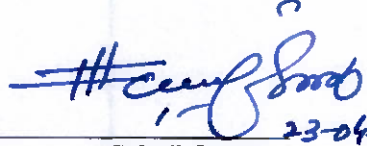
14. In view of the above-stated facts and circumstances, I am of the considered view that by failing to file annual audited financial statements for the year ended June 30, 2024 with the Registrar within the prescribed timeline, the Respondents have contravened the requirements of rule 7(1)(da) of the NBFC Rules. I, therefore, in exercise of the powers conferred upon me under sub-section (1) of Section 282J of the Ordinance vide S.R.O. 1545(I)/2019 dated December 06, 2019, hereby impose an aggregate penalty of **Rs.100,000/- (Rupees One Hundred Thousand Only)** on the Respondents on account of the aforesaid established default in the following manner:

Sr. #	Names	Penalty (Rs.)
1.	M/s Zameen REIT Management Company Limited	30,000
2.	Mr. Adil Ahmad Kamal	10,000
3.	Mr. Zeeshan Ali Khan	10,000
4.	Mr. Muhammad Kamran Nasir	10,000
5.	Ms. Maryam Haq	10,000
6.	Mr. Tanzain Shafqat	10,000
7.	Mr. Sadiq Ali	10,000
8.	Ms. Mariam Saleem Akbar	10,000
Total		100,000

15. Furthermore, in light of the fact that Ms. Faiza Iftikhar was removed from the position of independent director on the board of the Company as of April 3, 2024 and the relevant documentation evidencing her removal has been submitted to the CRO. Consequently, in view of the Respondent's cessation of office prior to the initiation of these proceedings, she is deemed to bear no further responsibility in the matter and is therefore, proceedings in the instant matter are dropped without any liability or penal action.

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16. The Respondents are hereby directed to deposit the afore-mentioned fine in the designated Bank Account maintained in the name of the Securities and Exchange Commission of Pakistan with MCB Bank Limited or United Bank Limited within thirty (30) days of 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 the proceedings under Section 485 of the Act will be initiated for recovery of the penalty/fines as arrears of land revenue pursuant to provision of Section 42B of the Securities and Exchange Commission of Pakistan Act, 1997 along with initiation of proceedings under Section 282J (5) of the Ordinance.



23-04-2025

Sohail Qadri
Director/ HOD
Adjudication Department-I

Announced:

Dated: April 23, 2025

Islamabad