



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department- I

Adjudication Division

ORDER	
Name of Company:	Bodla REIT Management Company Limited
Number and date of Show Cause Notice:	SCD/ADJ-1/Bodla/160/2024-407 dated September 06, 2024
Respondents:	(i) Bodla REIT Management Company Limited (Respondent No. 1); (ii) Mr. Muhammad Sohaib Tariq, Director/ CEO (Respondent No. 2); (iii) Mr. Adnan Siddiq, Director (Respondent No. 3); (iv) Mr. Huzaifa Ahmed, Director (Respondent No. 4); (v) Mr. Junaid Iqbal, Director (Respondent No. 5); (vi) Ms. Sadaf Usman, Director (Respondent No. 6); and (vii) Mr. Tariq Iqbal, Director (Respondent No. 7)
Date(s) of Hearing(s):	(i) November 18, 2024; (ii) December 02, 2024; and (iii) December 09, 2024
Case Represented by:	Ms. Faiza Younas, Company Secretary
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 Regulation) Rules, 2003

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-1/Bodla/160/2024-407 dated September 06, 2024 (the SCN) against Bodla REIT Management Company Limited (the "Company") and its Directors/CEO, hereinafter collectively referred to as (the "Respondents") for contravention with the requirements of rule 7(1)(da) read with 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 brief facts of the case are that the Company was incorporated on September 08, 2022 as a Public unlisted Company under the Companies Act, 2017 (the "Act") and licensed on January 31, 2023 by the Commission as a REIT Management Company to undertake REIT Management Services under the NBFC Rules and Real Estate Investment Trust Regulations, 2022 (the "Regulations").

3. The provisions of rule 7(1)(da) of the NBFC Rules provides that an 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 Act. The corresponding provisions of the Act set forth the following requirements for the submission of annual audited financial statements:

- (i) 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."
- (ii) Section 223(3) of the Act requires that; "(3) Subject to the provision of sub-section (2), the first financial statement must be laid at some date not later than sixteen months after the date of incorporation of the company and subsequently once at least in every calendar year".
- (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."

4. In terms of aforesaid provisions of the NBFC Rules read with the relevant provisions of the Act, the Company, incorporated on September 08, 2022, was required to hold its first Annual General Meeting ("AGM") latest by January 08, 2024 i.e. within sixteen months from the date of its incorporation and was further required to submit its annual financial statements for the said period **by January 23, 2024**. However, the Company failed to file its first annual financial statements with the Registrar within the stipulated timeframe.

5. In order to probe the matter, the Commission vide emails dated July 19, 2024 and reminder emails dated July 23, 2024, July 30, 2024 and August 02, 2024 sought justification from the Company for non-submission of first annual financial statements. However the Company failed to respond to any of the aforesaid emails of the Commission.

6. 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 same are reproduced as under:

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 I"

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."

7. Taking cognizance of the aforementioned non-compliance, the Commission served a Show Cause Notice ("SCN") upon the Respondents, requiring them to show the cause as to why a penal action as provided under **sub-section (1) of Section 282J of the Ordinance** may not be taken against them for the aforementioned contraventions of the law. However, in response to the SCN, no submission/ reply was made by the Respondents.

8. In order to provide opportunity of personal representation, hearings in the matter was fixed for November 18, 2024 and December 02, 2024 however, the Respondents failed to appear. Subsequently, hearing in the matter was re-fixed for December 09, 2024 when Ms. Faiza Younas – Company Secretary appeared on behalf of the Respondents as their Authorized Representatives ("AR"). The AR during the hearing admitted the default with respect to non-holding of AGM and filing of first annual financial statements with the Registrar and, *inter-alia*, stated that it was negligence on part of previous team/ consultant that they neither complied with the requirements of law nor prepared accounts. She further informed that two directors namely Ms. Sadaf Usman and Mr. Adnan Siddiq have resigned. However there is no change in sponsors. The Company has appointed new company secretary and other officials and step-wise compliance with the legal requirements will now be ensured. The Company has not done any business so far and currently no projects in hand.

9. I have gone through the facts of the case, considered the written and verbal submissions made by the AR, relevant provisions of the Act and NBFC Rules and the record placed before me. At this juncture, it is imperative to address the following factual and legal elements:

[Handwritten signature and date 22-01-2025]

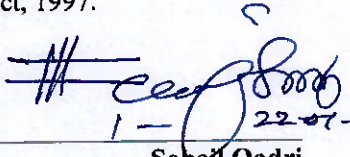
- (i) The Respondents were required to hold first AGM by January 08, 2024 i.e. within sixteen months from the date of its incorporation which is a pre-requisite for approval of annual financial statements, and further required to furnish with the Registrar such approved first annual financial statements by January 23, 2024. However, the Respondents failed to hold AGM and file the annual financial statements till date of this order. It is crucial to note that law clearly specifies the timelines and procedure for these actions. Therefore, the Company was bound to complete the process earlier to ensure that the first annual financial statements were prepared in time for approval and regulatory filing.
- (ii) The Respondents have a legal and fiduciary responsibility to plan their operations and reporting cycles in such a manner that ensures compliance with statutory deadlines. Delays indicate lack of robustness in terms of achieving compliance efficaciously as the Respondents were required to schedule the audit and financial statement preparations and other necessary actions well in advance to meet statutory obligations of reporting requirements to ensure desirable transparency and accountability.
- (iii) The argument that the non-compliance arises due to lack of action by the previous management is not plausible as it is responsibility of the Respondents to ensure smooth operations.

10. The aforesaid contravention with the requirements of rule 7(1)(da) read with Schedule I of the NBFC Rules have been established beyond doubt which attracts penal action in terms of sub-section (1) of Section 282J of the Ordinance. I have also given due attention to the grounds presented by the AR to the said non-compliance, however, none of the grounds seems to justify the non-adherence with the mandatory provisions of law. I, therefore, in exercise of the powers conferred upon me under sub-section (1) of Section 282J of the Ordinance read with S.R.O. 1545(I)/2019 dated December 6, 2019, hereby, impose an aggregate penalty of **Rs. 80,000/- (Rupees Eighty Thousand Only)** on the Respondents on account of the aforesaid established default in the following manner:

Sr. No.	Name of Respondent(s)	Penalty (Rs.)
1.	Bodla REIT Management Company Limited	20,000
2.	Mr. Muhammad Sohaib Tariq, Director/CEO	10,000
3.	Mr. Adnan Siddiq, Director	10,000
4.	Mr. Huzaifa Ahmed, Director	10,000
5.	Mr. Junaid Iqbal, Director	10,000
6.	Ms. Sadaf Usman, Director	10,000
7.	Mr. Tariq Iqbal, Director	10,000
Total		80,000

The Respondents are also advised to address the aforesaid non-compliance with the regulatory requirements in an expeditious manner.

11. The Respondents are hereby directed to deposit the aforesaid fine in the designated bank account maintained in the name of Securities and Exchange Commission of Pakistan with MCB Bank Limited or United Bank Limited within thirty (30) days from the date of this Order and furnish receipted voucher issued in the name of the Commission for information and record. In case of failure to deposit the penalty, the proceedings under Section 485 of the Act will be initiated for recovery of the fines as arrears of land revenue pursuant to provisions of Section 42 of the Securities and Exchange Commission of Pakistan Act, 1997.


 1-22-01-2025
Sohail Qadri
 Director/ HOD
 Adjudication Department-I

Announced:
 January 22, 2025
 Islamabad.