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**SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN****Adjudication Department- I****Adjudication Division**

<b>ORDER</b>	
Name of Company:	M/s Asaan Qarz Financing Services Private Limited
Show Cause Notice No. & Date:	No. SCD/ADJ-I/AQF/158/2024/415 dated September 09, 2024
Respondents:	(i) M/s Asaan Qarz Financing Services (Pvt) Limited (Respondent No. 1); (ii) Mr. Pengjiao Zhang, Director/ CEO (Respondent No. 2); (iii) Mr. Danish Aftab, Director (Respondent No. 3); and (iv) Mr. Rizwan Ahmed, Director (Respondent No. 4).
Date(s) of Hearing(s):	(i) May 21, 2025; (ii) May 29, 2025; and (iii) June 26, 2025
Case represented by:	No one appeared.
Provisions of law involved:	Section 282 J (1) & (2) 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; Circular No. 1 of 2010 dated January 15, 2010 and Circular No. 12 of 2024 dated May 15, 2024
Date of Order:	July 09, 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. SCD/ADJ-I/AQF/158/2024/415 dated September 09, 2024 (**"SCN"**) against M/s Asaan Qarz Financing Services Private Limited (the **"Company"**), its Chief Executive Officer (**"CEO"**) and other Directors (hereinafter collectively referred to as the **"Respondents"**), issued under Section 282 J (1) & (2) of the Companies Ordinance, 1984 (the **"Ordinance"**) for contravention of rule 7(1) (da) and Schedule I of the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the **"NBFC Rules"**); Circular No. 1 of 2010 dated January 15, 2010 (**"Circular No. 1"**) and Circular No. 12 of 2024 (**"Circular No. 12"**).

2. The Company was incorporated on September 30, 2022, as a Private Company under the Companies Act, 2017 (the **"Act"**) and licensed by the Commission under the NBFC Rules on February 06, 2023 to undertake Investment Finance Services (restricted to microfinance) as a Non-Banking Finance Company (**"NBFC"**).

3. The provisions of rule 7(1)(da) read with clause 7 of Schedule I of the NBFC Rules stipulate 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(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"*.
- (iii) Section 223(3) of the Act requires that; *"(3) Subject to the provisions of sub-section (2), the first financial statements 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"*.
- (iv) 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 30, 2022, was required to hold its Annual General Meeting ("AGM") within sixteen months from the date of its incorporation i.e. by January 30, 2024 and the Company was further required to submit its audited financial statements for the said period **by February 14, 2024**. However, as per the record available with the Commission, the Company failed to file its audited financial statements with the Registrar till date.

5. In order to probe the matter, the Commission vide email dated July 19, 2024 sought justification from the Company for non-submission of its audited financial statements. However, despite reminders dated July 23, 2024, July 30, 2024 and August 02, 2024, no response was submitted by the Company.

6. It was further observed that as per the requirements of Circular No. 1, the Company was required to submit its monthly returns through the Specialized Companies Return System ("SCRS") by 10<sup>th</sup> of every month. The records of the Commission revealed that the Company was given access to SCRS in the month of May 2023 and the Company filed its monthly returns till December 2023. However, the Company failed to file its monthly return through SCRS since the month of January 2024 till date. Further, in terms of clause 6(a) of Circular No. 12, the Company was required to get its Digital Lending App listed on SECP App Whitelist prior to its launch and disbursement of loans. The Respondent No. 3, during a meeting, verbally requested for surrender of license granted to the Company, however has failed to submit response to the additional information sought by the Commission vide email dated March 12, 2024.

7. The aforesaid contraventions indicated that the Respondents, *prima facie*, contravened the provisions of rule 7(1) (da) of the NBFC Rules, Circular No. 1 and clause 6(a) of Circular No. 12, which attract penal action as provided under Section 282J (1) & (2) of the Ordinance. The relevant provisions of law 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.*

**Circular 01 of 2010:**

*In exercise of powers of the Commission under Section 282D of the Companies Ordinance 1984, all the NBFCs are required to submit their monthly returns through the specialized Companies Return System (SCRS) by the 10<sup>th</sup> of every month.*

**Circular 12 of 2024:**

**6. Requirements for Digital Lending Apps:-** *(a) Prior to launch of an App or any other digital channel for lending, the Digital Lender shall submit an application to the Commission for listing on SECP App Whitelist along with self-assessment declaration of compliance with regulatory framework.*

**Section 282J of the Ordinance:**

**282 J: 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.*

*(2) Without prejudice to the provisions of sub-section (1), in case of contravention of any provision of this Ordinance or rules or regulations made or non-compliance of any direction given or order passed*





*thereunder by the Commission, the Commission may cancel or suspend any one or more of the licenses in respect of various forms of business of the NBFC or registration granted to any notified entity, after issuing a show cause notice and giving such NBFC or notified entity as the case may be, an opportunity of being heard or pass any other order which may be deemed appropriate by the Commission."*

8. Taking cognizance of the matter, SCN was served upon the Respondents to show the cause in writing as to why a penal action may not be taken against them for non-compliance with the aforesaid provisions of law. However, in response to the SCN, no submissions were made by the Respondents.

9. In order to provide an opportunity of being heard to the Respondents, hearing in the matter was fixed for May 21, 2025; which was not attended by the Respondents. Subsequently hearing was re-fixed on May 29, 2025 which was adjourned on the request by Respondent No. 3 made vide email dated May 29, 2025. In order to conclude the matter and to meet the ends of justice, a final hearing was fixed on June 26, 2025 and the notice was issued to the Company at its registered office address and to the Board of Directors of the Company at their residential addresses and also through email with a clear advice that no further requests for adjournments will be allowed and in the case of non-appearance an *ex-parte* order shall be passed. Despite the same, the Respondents, unfortunately, once again failed to join the proceedings or providing any response regarding the alleged non-compliance; thereby reflecting their unwillingness to participate in the proceedings in the instant matter. I, therefore, am left with no other option except to proceed *ex-parte* against the Respondents on the basis of record available with this office and on merits.

10. I have gone through the provisions of rule 7(1)(da) of the NBFC Rules, Circular No. 1, clause 6(a) of Circular No. 12, relevant provisions of the Act, and considered the facts of the case and available record of the Company with the Commission. I have also perused Section 282J (1) & (2) of the Ordinance, which stipulates penal provisions for contravention of the afore-referred provisions of law. I have noted that in terms of rule 7(1)(da) of the NBFC Rules read with Section 233(1) of the Act, every NBFC is required to file its audited financial statements with the Registrar within fifteen (15) days of their adoption by the members in general meeting, and is also obligated under Circular No. 1 to submit its monthly returns through SCRS. Moreover, as prescribed through clause 6(a) of the Circular No. 12, it is mandatory for every NBFC intending lending through digital means to get its Digital Lending App listed in SECP App Whitelist.

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 the legal provisions is essential for protecting shareholders' rights, fostering trust, and promoting good corporate governance. A company licensed as a NBFC must meet its statutory duties to hold AGMs and file audited financial statements with the Registrar in time. Accordingly, the Respondents were obligated to hold the first AGM of the Company by January 30, 2024 and to file the approved annual audited financial statements with the Registrar by February 14, 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	Filing of Accounts with the Registrar
January 30, 2024	February 14, 2024	Not yet	Not yet

12. It is crucial to note that the law clearly specifies the timelines and procedure for these mandatory requirements. The Respondents have a legal and fiduciary responsibility to plan their operations and reporting cycles in compliance with statutory deadlines and any circumstances whatsoever does not, in any way, absolve the Respondents from ensuring compliance of requirements/ timelines prescribed under the law. In the case cited as 2017 CLD 1019, it was held that "... We are of the view that the company has a responsibility to ensure full compliance of the provisions of the Ordinance, therefore, the violation...cannot be excused and the penalty was rightly imposed on the Appellants..." Similarly, in the case cited as 2024 CLD 849, it was held by the Appellate Bench of the Commission that "...the Company being not in operation does not absolve it from

*statutory compliances under the law and on that account, it is the responsibility of the Company to realize and decide accordingly that...it has to comply with the law as long as it appears on the register of companies..."* In the instant case, the Company's failure to submit the first annual financial statements within the stipulated time constitutes the contravention with the requirements of rule 7(1)(da) of the NBFC Rules.

13. As far as the requirements of the Circular No. 1 of 2010 are concerned, the Company was required to file the monthly returns through SCRS by 10<sup>th</sup> of every month; however, the same were not filed by the Company since the month of January 2024. It is pertinent to mention here that the timely filing of monthly returns by the NBFCs through SCRS is crucial for ensuring regulatory compliance, financial transparency and market stability, since these returns provide up-to-date reporting of the financial health and operational performance of NBFCs, enabling the Commission to monitor risks, detect irregularities, take proactive measures to safeguard the interests of investors thereby reducing/ managing the potential systemic risks.

14. In view of the above-stated facts and circumstances, I am of the considered view that by failing to file the audited financial statements for the period ended June 30, 2023 within the stipulated timeline and by non-filing the monthly returns in SCRS for the months from May 2023 and onwards, the Respondents have contravened the requirements of rule 7(1)(da) of the NBFC Rules and Circular No. 1 of 2010, respectively. I, therefore, in exercise of powers conferred upon me under sub-section (2) of Section 282J of the Ordinance read with S.R.O. 232(1)/2020 dated March 16, 2020, hereby, **suspend** the license of the Company to undertake Investment Financial Services granted in terms of rule 5(6) of the NBFC Rules. In case the Company comply with the legal and regulatory requirements and remove the cause of suspension, it may apply to the Commission for reconsideration of the order of suspension accordingly.

15. The Licensing and Registration Division of the Commission is hereby advised to ensure that any application for Fit and Proper criteria received in respect of Respondents No. 2 to 4 in future and the application of Respondent No. 1 for renewal of its license, if any, be examined in light of this Order.

  
(Zeeshan Rehman Khattak)  
Commissioner  
Specialized Companies Division

**Announced:**  
July 09, 2025  
Islamabad.

**Distribution:**

1. Divisional Head - Supervision Division
2. Divisional Head – Specialized Companies Division
3. Divisional Head - Licensing and Registration Division