



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department- I

Adjudication Division

Before

Shahzad Afzal Khan, Director/ Head of Department

In the matter of

FAST REIT Management Company Limited and Its Directors

Number and date of Show Cause Notice (SCN)	SCD/ADJ-1/FRMCL/150/2024-68 Dated January 24, 2024
Date of Hearing:	March 18, 2024; May 07, 2024; May 24, 2024; and May 30, 2024
Present at the Hearing:	Mr. Muhammad Rehan Akhtar (Authorized Representatives)

ORDER

UNDER 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 through the aforesaid Show Cause Notice dated January 24, 2024 (**the SCN**) issued by the Securities and Exchange Commission of Pakistan (**the Commission**) against Fast REIT Management Company Limited (**the Company and/or the Respondent No. 1**) and the Directors of the Company/Respondent No. 1 namely, Mr. Muhammad Zahir ul Islam (**Respondent No. 2**), Ms. Samia Manzoor (**Respondent No. 3**), Mr. Akhtar Nawaz Janjua (**Respondent No. 4**) and Mr. Muhammad Arslan Asghar (**Respondent No. 5**), 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**), which attracts the applicability of Section 282J (1) of the Companies Ordinance, 1984 (**the Ordinance**).

2. The Company was incorporated on **November 19, 2021** as a Public Limited Company under the Companies Act, 2017 (**the Act**) and licensed by the Commission on July 07, 2022 to carry out REIT Management Services as Non-Banking Finance Company (NBFC) under the NBFC Rules.

3. Rule 7(1)(da) read with Schedule I 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 Ordinance now the Act. Clause 7 of Schedule I provides, "*Submission of financial statements, as per requirements of the Ordinance*". The corresponding provisions of the Act set forth the following requirements for the submission of accounts/financial statements, which are as under:

- Section 223(1) of the Act requires that; "*(1) The board of every company must lay before the company in annual general meeting its financial statements for the period, in the case of first such statements since the incorporation of the company and in any other case since the preceding financial statements, made up to the date of close of financial year adopted by the company.*"
- 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*



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department-I
Adjudication Division

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."

- 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 requirements, the Company was required to hold its Annual General Meeting (AGM) within sixteen months from the date of its incorporation i.e. by March 19, 2023, since the Company was incorporated on November 19, 2021 and the Company was further required to submit its accounts/financial statements for the said period **by April 03, 2023**. However, the Company failed to file its first accounts/financial statements with the registrar.

5. The aforesaid shortcomings, lapses, and contraventions indicate that the Respondents, *prima facie*, contravened with the requirements of rule 7(1)(da) read with Schedule I of the NBFC Rules, which attracts the applicability of Section 282J (1) of the Ordinance, which 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."

6. Accordingly, the Commission while taking cognizance of the aforementioned non-compliance served the SCN upon the Respondents, requiring them to submit their written reply, as to why penalty as provided under **Section 282J of the Ordinance**, may not be imposed on them for the aforementioned contraventions of the law, within 14 days of the date of the SCN. However, the Respondents did not submit reply in response to the SCN.

7. In order to provide opportunity of personal representation, hearings in the matter were fixed for March 14, 2024, May 07, 2024 and May 24, 2024 which were not attended by the Respondents or their Representative. Therefore, final hearing opportunity in the matter was fixed for May 30, 2024 wherein Mr. Muhammad Rehan Akhtar appeared as the Authorized Representative (**the Representative**) of the Respondents before the undersigned. During the hearing, the Representative was asked to explain the reasons for the alleged non-



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department-I
Adjudication Division

compliance as outlined in the SCN. The Representative admitted the default and affirmed that subsequent compliance would be made. Moreover, the Representative requested to condone the delay and assured to be compliant in the future with the provisions of the law.

8. The following are the questions that need to be addressed:

(i) The responsibilities/obligations of the Respondents in respect of holding the AGM and submission of accounts/financial statements under the law

In terms of aforesaid requirements, the Respondents were required to hold the AGM within sixteen months from the date of incorporation i.e. by March 19, 2023, since the Company was incorporated on November 19, 2021 and were further required to submit accounts/financial statements for the said period by April 03, 2023. However, the Respondents failed to file its first accounts/financial statements with the registrar.

(ii) Justifications provided by the Respondents in respect of delayed AGM and filing of its accounts/financial statements

The Representative acknowledged the default and added that subsequent compliance would be made by filing the accounts/financial statements with the registrar. Further, the Representative added that they were not aware of the requirement to hold an AGM and file accounts/financial statements. This lack of awareness contributed to the delay in meeting these statutory obligations. However, the Representative assured that the Respondents are now fully aware of these requirements and committed to ensuring compliance in the future.

(iii) Whether the justification provided by the Respondents absolves them from the default?

The Respondents have demonstrated a proactive approach towards rectifying the non-compliance. They acknowledged the default, committed to achieving subsequent compliance, and implemented measures to ensure adherence to future statutory requirements. The genuine efforts made by the Respondents to rectify the situation promptly show that the delay will be addressed with due diligence.

9. In view of above, I, in terms of the powers conferred under Section 282J (1) of the Ordinance, hereby, advise the Respondents to meticulously comply with the requirements of the law, in true letter and spirit.

10. This Order is issued without prejudice to any other action that the Commission may initiate against the Respondent in accordance with the law(s) on matter subsequently investigated or otherwise brought to the knowledge of the Commission.

(Shahzad Afzal Khan)
Director/ Head of Department
(Adjudication Department-I)

Announced:
July 03, 2024
Islamabad