



# SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Adjudication Division  
Adjudication Department -II

BEFORE HEAD OF DEPARTMENT, ADJUDICATION DEPARTMENT-II

IN THE MATTER OF

**M/S RADIUM360 (PRIVATE) LIMITED**

Show Cause Notice	No. Adj-II/301/22/IAN-50/CRO-LHR/2023-24-959 dated October 4, 2023	
Date on which hearing opportunity provided	Date	Attended by
	October 16, 2023	No one appeared to attend the hearing
	January 12, 2024	No one appeared to attend the hearing
	January 30, 2024	No one appeared to attend the hearing

**SANCTION FOR FILING OF WINDING-UP PETITION UNDER CLAUSE (b) OF PROVISIO  
TO SECTION 304 READ WITH SECTION 301 OF THE COMPANIES ACT, 2017**

The Securities and Exchange Commission of Pakistan (the 'Commission') issued show cause notice No. Adj-II/301/22/IAN-50/CRO-LHR/2023-24-959 dated October 4, 2023 (the 'SCN') to **M/s Radium360 (Private) Limited** (the 'Company') having CUIIN 0186720, and registered office at Office MZ-4, Al Hafeez Heights, Gulberg III, Lahore and its directors Syed Shariq Ali and Mr. Zia uddin Khan (collectively referred to as the '**Respondents**') under ) under clause (b) of proviso to section 304 read with section 301 of the Companies Act, 2017 (the '**Act**') for carrying on unlawful/prohibited business of inviting and accepting unauthorized deposits from the public, *prima facie*, in violation of sections 84(1) and 26(2) of the Act.

2. The Company was registered with the Commission on October 25, 2021 under the Act. The principal line of business of the Company as mentioned in clause 3(i) of the Memorandum of Association ('*MoA*') is as under:

*The principal line of business of the company shall be to carry out all sorts of marketing and advertising services for businesses and nonprofit entities by providing consultancy for brand development and activation.*

3. The authorized capital of the Company is Rs100,000/- (Rupees One hundred Thousand Rupees only), divided into 1,000 (One Thousand) ordinary shares of Rs100 each. The particulars of sponsors and directors of the Company are as under:

Name	CNIC	Designation	Shareholding %
Syed Shariq Ali	42201-2019972-9	Director & CEO	950 Shares (95%)
Mr. Zia uddin Khan	35102-6094310-9	Director	50 Shares (5%)

4. In terms of clause 3 (iii) of MoA, the Company, its Chief Executive and Directors ('*Respondents*') are restricted from indulging in banking, non-banking finance, stock brokerage business, etc.:

*Notwithstanding anything contained in the foregoing sub-clauses of this clause nothing contained herein shall be construed as empowering the Company to undertake or indulge, directly or indirectly*

in the business of a Banking Company, Non-banking Finance Company (Mutual Fund, Leasing, Investment Company, Investment Advisor, Real Estate Investment Trust management company, Housing Finance Company, Venture Capital Company, Discounting Services, Microfinance or Microcredit business), Insurance Business, Modaraba management company, Stock Brokerage business, forex, real estate business, managing agency, business of providing the services of security guards or any other business restricted under any law for the time being in force or as may be specified by the Commission.

5. Further under clause 3(iv) of MoA of the Company, the Respondents have undertaken not to engage in the following businesses:

*“...engage in any of the business mentioned in sub-clause (iii) above or any unlawful operation; launch multi-level marketing (MLM), Pyramid and Ponzi Schemes, or other related activities/businesses or any lottery business; engage in any of the permissible business unless the requisite approval, permission, consent or licence is obtained from competent authority as may be required under any law for the time being in force.”*

6. The facts leading to issuance of the SCN were that during monitoring of social media activity and WhatsApp conversation with an unincorporated entity named “Frizpy” it was observed that Frizpy was offering investment scheme in Surface Mount Devices (the “*SMD*”) screens on fixed monthly return. Further Frizpy’s representative during conversation on WhatsApp shared CUIIN number of M/s Radium360 (Private) Limited as evidence that Frizpy is a registered with the Commission. In order to ascertain the factual position, the Commission vide order dated October 24, 2022 investigated into affairs of the Company under Section 256 of the Act.

7. The investigation team in the investigation report dated May 19, 2023 concluded that the Respondents were engaged in the prohibited and unlawful business of inviting unauthorized deposits from the public on the pretext of fixed monthly return through a nexus of unregistered entity namely Frizpy (owned by Chief Executive Officer of the Company) *prima facie*, in violation of sections 84(1) and 26(2) of the Act read with clause 3 of the MoA of the Company.

8. Based on abovementioned findings of the investigation team, the Commission on July 20, 2023 issued show cause notice to the Company, Chief Executive and Directors of the Company under sections 84, 172 and 500 of the Act, for alleged violation of section 26(2) and section 84(1) of the Act.

9. Considering the foregoing, the Registrar of the concerned Company Registration Office sought sanction of the Commission to present a petition for winding up of the Company under clause (b) of proviso to section 304 read with sub-clause (i) and (ii) of clause (g) of section 301 of the Act on the grounds that the Respondents were *prima facie* engaged in unlawful and prohibited business of inviting unauthorized deposits from the public, *prima facie*, in violation of sections 84 (1) and 26(2) of the Act.

10. Accordingly, the SCN was issued to the Respondents calling upon them to furnish submissions in writing to explain within ten (10) days of the date of the SCN, as to why sanction of the Commission to present a petition for winding up of **M/s Radium360 (Private) Limited** as required by the concerned Registrar may not be granted. Further, the Respondents were advised to attend hearing before the undersigned on October 16, 2023.

11. The Respondents neither furnished any written response to the SCN nor submitted any request for availing opportunity of being heard. The Respondents were again advised vide reminders dated January 3, 2024 and January 19, 2024 to submit written response to the SCN. Three hearing

opportunities were provided to the Respondents on October 16, 2023, January 12 and January 30, 2024. The Respondents neither submitted any written reply to the SCN till date nor attended the hearings as scheduled above. The SCN and reminders were sent at registered address of the Company and available residential addresses of directors of the Company. The SCN and reminder/hearing notice dated October 4, 2023 sent at residential address of Mr. Zia uddin Khan, Director of the Company did not return back, while the SCN and reminders/hearing notices sent at other addresses were returned as undelivered. Further, the reminders/hearing notices were also delivered at email asadkhan17860@gmail.com.

12. With regard to service of SCN and reminders, section 53 of the Act provides “*a document or information may be served on the company or any of its officers at the registered office of the company against an acknowledgement or by post or courier service or through electronic means or in any other manner as may be specified.*”

13. It is evident from the foregoing that the Respondents were provided multiple opportunities to explain their position with regard to alleged violation of section 26 and section 84 of the Act. The Respondents opted not to explain/defend their position despite service/delivery of SCN and reminders. Accordingly, the proceedings are being concluded, considering the material available on record.

**Issue to be determined: -**

14. It was alleged in the instant SCN that the Respondents were inviting unauthorized deposits from general public, *prima facie*, in violation of sections 26(2) and 84(1) of the Act and MoA of the Company. In order to arrive at decision, I have gone through the facts of the case, record of the Company, documents available with the Commission including findings of the investigation team and relevant provisions of law. My observations in this regard are as under:

**Legal Framework: -**

- (i) In terms of section 84 of the Act, all companies, excluding banking companies and such other companies or class of companies as the Commission may notify in this behalf, are prohibited from inviting, accepting or renewing deposits from the public. Further, the term deposit has also been defined in section 84 of the Act as any amount accepted or borrowed by a company other than a loan raised by issue of debentures or a loan obtained from a banking company or financial institution or an advance against sale of goods or provision of services in the ordinary course of business. Section 84 of the Act is reproduced below for ease of reference:

**84. Prohibition on acceptance of deposits from public.** — (1) *On and after the commencement of this Act, no company shall invite, accept or renew deposits from the public:*

*Provided that nothing in this sub-section shall apply to a banking company and such other company or class of companies or such deposits as the Commission may, notify in this behalf.*

**Explanation.** — *For the purposes of this section, “deposit” means any deposit of money with, and includes any amount borrowed by, a company, but shall not include a loan raised by issue of debentures or a loan obtained from a banking company or financial institution or an advance against sale of goods or provision of services in the ordinary course of business.*

- (ii) In terms of section 26(2) of the Act, a company shall not engage in a business which is (a) prohibited by any law for the time being in force in Pakistan; or (b) restricted by any law, rules or regulations, unless necessary licence, registration, permission or approval has been obtained or compliance with any other condition has been made. Deposit taking by

companies is not only prohibited under the Act but also under the Banking Companies Ordinance, 1962. Accordingly, any company engaged in deposit invitation/taking commits violation of section 26(2) of the Act. Section 26(2) of the Act is reproduced below for ease of reference:

**26. Business and objects of a company.** — (2) *A company shall not engage in a business which is—*

(a) *prohibited by any law for the time being in force in Pakistan; or*

(b) *restricted by any law, rules or regulations, unless necessary licence, registration, permission or approval has been obtained or compliance with any other condition has been made.*”

- (iii) In terms of clause 3 of MoA, the Respondents have undertaken that they shall not engage in any unlawful/prohibited business activities. Inviting and accepting deposits is unlawful/prohibited in terms of sections 84(1) and 26(2) of the Act.

The issue to be determined in the instant matter is whether the Respondent were part of deposit invitation from public, in violation of section 84 and section 26(2) of the Act.

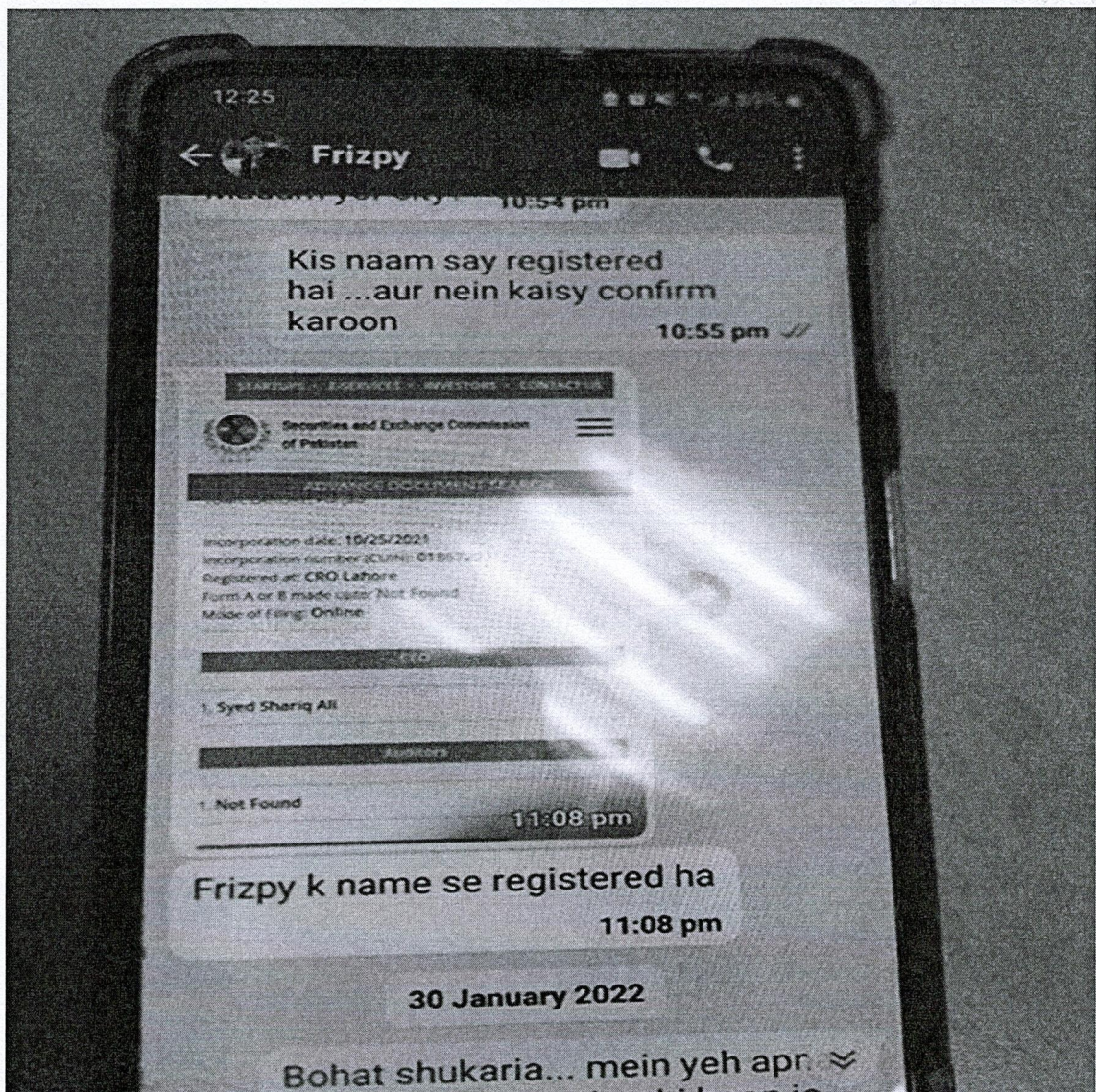
**Analysis of the issue:**

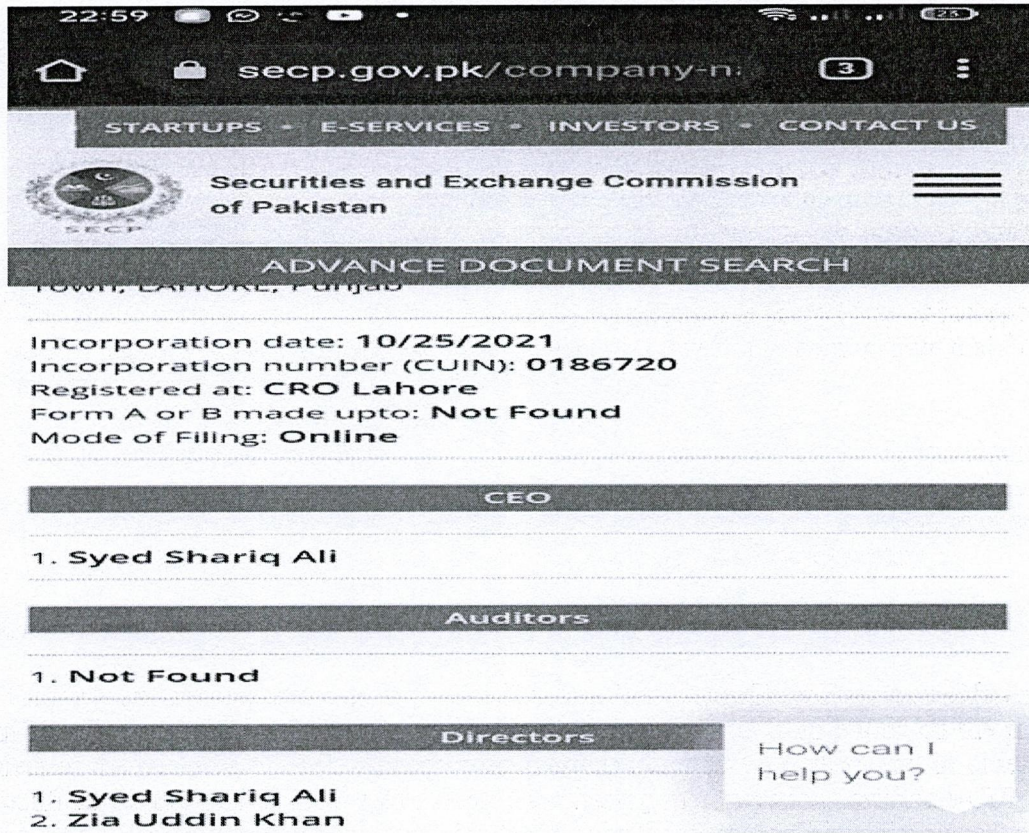
- (iv) During monitoring of social media activity and WhatsApp conversation with an unincorporated entity named “Frizpy” it was noticed that Frizpy an unincorporated entity was offering investment scheme in SMD screens on fixed monthly return. Further Frizpy’s representative during conversation on WhatsApp shared CUIIN number of the Company to show that Frizpy is a registered with the Commission as a company.
- (v) The Commission, in order to ascertain the factual position, vide order dated October 24, 2022, investigated into affairs of the Company under Section 256 of the Act.
- (vi) The investigation team sought information from the scheduled banks in Pakistan. As per information received from banks, no bank account has been opened in name of the Company. However, the following bank accounts were maintained by directors of the Company in their own names and in the names of unincorporated entities owned by directors of the Company:

Bank Name	Account Title	Account Number	Signatory	Amount credited Appr Rs.	Amount debited Appr (Rs)
Bank of Punjab	Zia uddin Khan	6050041899900011		35,231,671	35,231,546
Bank Alfalah	Zia uddin Khan	0096-02000967		443,000	443,000
Bank Alfalaha	Zia uddin Khan	0096001002440478		2,368,801	2,365,537
Meezan Bank	Zia uddin Khan	0011390106359623		3,821,918	3,819,982
Soneri bank	Zia uddin Khan	0009620007578367		1,000	976
Bank Islami	Frizpy	212900123270001	Syed Shariq Ali	128,805,204	128,675,002
Bank Islami	Radium360	21290020400001	Syed Shariq Ali	2,000	1,870
Bank Islami	Syed Shariq Ali	212900197710001		3,211,999	3,211,908
Bank Al Habib	Frizpy	0011098103934101 3	Syed Shariq Ali	56,517,553	56,152,835

Bank Alfalha	Syed Shariq Ali	1005659397		597,739	597,739
Summit bank	Radium360	0323027140151767	Syed Shariq Ali	30,300	25,000
Habib Metro	Frizpy	6267203017142046 86	Zia uddin Khan	-	-

- (vii) Vide letter dated October 28, 2022, the investigation team sought certain information and documents from the Respondents, but no response was received from any of the Respondents.
- (viii) The investigation team visited registered office of the Company i.e. MZ-4, Al-Hafeez Heights, Gulberg III, Lahore and found that office of entity “Frizpy” was located on the given address instead of office of Company.
- (ix) Both directors of the Company did not appear before the investigation team for statement recording.
- (x) An image of Frizpy’s representative’s conversation on WhatsApp, whereby Company’s CUIN number 0186720 has been shared as evidence that Frizpy is registered with the Commission as a company is pasted below:





- (xi) The above given image shows that the Frizpy's representative shared date of incorporation, CUIIN number of the Company etc with the potential investor to demonstrate that Frizpy is an incorporated entity.
- (xii) The investigation team in the investigation report reported that the Respondents were engaged in the prohibited and unlawful business of inviting unauthorized deposits from the public on the pretext of providing return on investment, *prima facie*, in violation of sections 84(1) and 26(2) of the Act, read with clause 3 of the MOA of the Company.

**Overall Decision: -**

15. Frizpy is an unincorporated entity, owned by Mr. Shariq Ali, Chief Executive Officer of **M/s Radium360 (Private) Limited**. Frizpy was inviting/raising deposits from public on the pretext of investment in the business of SMD screens with guaranteed return on investment. In order to gain public confidence, the representative of Frizpy was sharing incorporation certificate/CUIIN of the Company and Commission's monogram with the potential investors. Frizpy is owned by Chief Executive Officer of the Company. This shows a strong nexus between Frizpy and the Respondents and confirms that the Respondents and Frizpy were inviting unauthorized deposits from general public in connivance with each other.

16. In view of the foregoing and considering (a) investigation team's findings, (b) conversation of representative of Frizpy on WhatsApp along with sharing of Company's CUIIN with potential investors and (c) non-submission of written response by any the Respondents coupled with non-attendance of hearings, it is established that the Respondents were carrying on unlawful/prohibited business of inviting unauthorized deposits from the public in violation of sections 84(1) and 26(2) of the Act read with clause 3 of MoA of the Company. However, no documents are available on record

*(Signature)*

that the Company has accepted deposits from public. The investigation team also reported that no bank account was opened in name of the Company.

17. In view of the above, the proceedings initiated against the Company and its directors under sections 84 (2), 172 and 500 of the Act were concluded vide order dated February 20, 2024, whereby penalty of Rs100,000 has been imposed on the Company and aggregate penalty of Rs100,000 has been also imposed on directors of the Company. Further both directors of the Company have been disqualified to become director/chief executive of any company for five years.

18. Considering that the Company its Chief Executive and Directors were found engaged in illegal activity of inviting deposits from public in violation of section 84(1) and 26(2) of the Act read with clause 3 of MOA of the Company, the Company is liable to be wound up in terms of sub-clauses (i) and (ii) of clause (g) of section 301 of the Act, for carrying on unlawful activity of raising unauthorized deposits from the public. Sub-clauses (i) and (ii) of clause (g) of section 301 of the Act are reproduced below:

**301. Circumstances in which a company may be wound up by Court.-** A company may be wound-up by the Court – .....

(g) if the company is-

(i) conceived or brought forth for, or is or has been carrying on, unlawful or fraudulent activities; or

(ii) carrying on business prohibited by any law for the time being in force in Pakistan; or restricted by law, rules or regulations for the time being in force in Pakistan; or

**Explanation 1.-** The promotion or the carrying on of any scheme or business, howsoever described-

(a) ....

(b) raising unauthorized deposits from the public, indulging in referral marketing, multi-level marketing (MLM), Pyramid and Ponzi Schemes, locally or internationally, directly or indirectly; or

(c) ... ;  
shall be deemed to be an unlawful activity.

19. Accordingly, in exercise of the powers under clause (b) of proviso to section 304 read with sub-clauses (i) and (ii) of section 301(g) of the Act delegated to the undersigned vide S.R.O 1546 (I) / 2019, sanction is hereby granted to Incharge, Company Registration Office, **Lahore** to present a petition for winding up of **Radium360 (Private) Limited** before the concerned High Court. The said clause (b) of proviso to Section 304 of the Act is reproduced hereunder, for ease of reference:

**304. Provisions as to applications for winding up.** An application to the Court for the winding up of a company shall be by petition presented, subject to the provisions of this section, either by the company, or by any creditor or creditors (including any contingent or prospective creditor or creditors), or by any contributory or contributories, or by all or any of the aforesaid parties, together or separately or by the registrar, or by the Commission or by a person authorized by the Commission in that behalf:

Provided that –

(a) .....

*(b) the registrar shall not be entitled to present a petition for the winding up of a company unless the previous sanction of the Commission has been obtained to the presentation of the petition. Provided that no such sanction shall be given unless the company has first been afforded an opportunity of making a representation and of being heard;*

20. This Sanction is being issued without prejudice to any other proceedings or action that the Commission or National Accountability Bureau or Federal Investigation Agency or any other authority, bureau, agency or institution may initiate, in accordance with relevant provisions of law, against the Respondents and any other officer of the Company in respect of unlawful/illegal deposit taking activities undertaken by them.



(Muhammad Farooq)  
Head of Department/Additional director  
Adjudication II Department

**Date of Order: February 28, 2024**