



# SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

## Adjudication Department-I

### Adjudication Division

*Before*

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

*In the matter of*

### Show Cause Notice issued

**Under Rule 7(1)(da) of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 read with Section 282J(1) of the (Repealed) Companies Ordinance, 1984 to:**

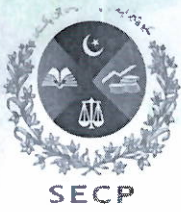
S. No.	Name of the Respondent	Designation of the Respondent
1	M/s Abhi (Private) Limited	<i>The Company</i>
2	Mr. Ali	Director
3	Ms. Nwal Abdullah Muhammad	Director
4	Mr. Omair Ansari	Director/ Chief Executive Officer (CEO)

Number and date of Show Cause Notice (SCN)	SCD/ADJ-I/ABHI/149/2023-3892 dated December 22, 2023
Date(s) of Hearing:	January 09, 2024
Hearing(s) attended by:	Mr. Omair Ansari, Director/CEO Mr. Ali, Director Mr. Naseer Khan, Chief Financial Officer

### ORDER

This Order shall dispose of the proceedings initiated through the Show Cause Notice No. 2 SCD/ADJ-I/ABHI/149/2023-3892 dated December 22, 2023 (the "SCN") against M/s. Abhi (Private) Limited (hereinafter referred to as the "Company" or "Respondent") for its alleged failure to submit its annual audited financial statements for the year ended December 31, 2022 with the Securities and Exchange Commission of Pakistan (the "Commission") as per the timelines stipulated under the Companies Act, 2017 (the "Act"), in contravention of the requirements of Rule 7(1)(da) of the Non-banking Finance Companies (Establishment and Regulation) Rules, 2003 (the "Rules") read with Section 282J(1) of the (repealed) Companies Ordinance, 1984 (the "Ordinance").

2. Brief facts of the case are that the Company is a private limited company, incorporated on April 20, 2021 and licensed in April 2022 by the Commission to carry out investment finance services under Rule 5 of the Rules. Amongst other applicable requirements of the law, the Company is required to furnish its annual audited financial statements with the Commission in terms of Rule 7(1)(da) read with Schedule I to the Rules, which mandates submission of financial statements as per the requirements of the then



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Ordinance, now the Companies Act. For reference purposes, it is mentioned that Section 223(2) of the Act requires laying of the financial statements by a company in its annual general meeting within 120 days following the close of financial year of the company.

3. The record available with the Commission transpired that the Company *prima facie* failed to comply with the aforesaid requirements of the Rules owing to non-submission of its annual audited financial statements for the year ended December 31, 2022 with the Commission as per the timelines stipulated under the Act. The relevant department of the Commission took up the matter with the Company vide an email dated July 13, 2023, in response to which the Company shared a letter dated July 05, 2023 from its statutory auditors stating therein that *the financial statements for the year ended December 31, 2022 are under finalization by management and the audit of financial statements will be completed subject to the receipt of all outstanding information and/or explanations.*

4. Considering the above, a Show Cause Notice dated December 22, 2023 was served upon the Respondents for alleged contravention of Rule 7(1)(da) of the Rules read with the penal provisions of Section 282J(1) of the Ordinance.

5. The Company submitted its written response to the SCN vide letter December 28, 2023, the relevant extracts of which are reproduced hereinbelow:

*“...we wish to state that company could not finalize its financial statements within stipulated time due to non-availability of final management accounts as well as directors within the time prescribed under the law. Company could neither conduct its Annual General Meeting within the time stipulated under section 132 of the Companies Act, 2017 nor could lay audited financial statements before the members. Company has filed an application under section 147 of the Companies Act, 2017 before Commission for calling of Annual General Meeting of the Company which has already been approved by the Commission vide Order No. 3442 dated 14.12.2023 and Company was allowed to hold overdue Annual General Meeting on or before 14.01.2024. It is pertinent to mention hereunder that company has already conducted its Annual General Meeting as on December 26, 2023 and members/ shareholders of the Company have also approved the financial statement therein. Also noteworthy to mention hereunder that Company has also filed Annual Returns (Form A & 29) along with audited financial statements before S.E.C.P as directed by the Commission in accordance with law.*

*Following documents are attached herewith for ready reference;*

- 1. Order under section 147 of the Companies Act, 2017;*
- 2. Form A dated 26.12.2023;*
- 3. Form 29 dated 26.12.2023, and*
- 4. Minutes of Meeting of AGM dated 26.12.2023.*





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*As the Commission has already allowed the Company to conduct the Annual General Meeting on or before 14.01.2024 and company has also made due compliance as per directions of the Commission, you are kindly requested to take a lenient view. We shall make it sure to be more compliant in future.”*

6. In order to meet the ends of justice, the Respondent was provided an opportunity of personal representation and hearing in the matter was fixed for January 09, 2024, which was duly attended by Mr. Omair Ansari, Director/CEO, Mr. Ali, Director, and Mr. Naseer Khan, Chief Financial Officer of the Company. A letter of authority in the favor of Mr. Ali duly executed by Ms. Nwal Abdullah, Director was also provided. During the course of hearing, the attendees, on behalf of the Respondents, substantially reiterated the stance taken in the abovementioned written response, and made the following additional submissions:

- a. The Company has remained compliant with the filing requirements of the law as and when required. However, in the instant case, the back-end financial data was being migrated from the earlier system software to a new one, since the old software was rendered ineffective for the Company's operations. Owing to this very reason, the financial statements could not be finalized in time.
- b. The audit of the financial statements was completed by the statutory auditors of the Company by August 2023. Once the formalities were completed including after obtaining relevant direction from the concerned registrar under Section 147 of the Act, the said accounts were thereafter duly approved in the overdue Annual General Meeting of the Company held on December 26, 2023.
- c. The attendees, particularly Mr. Omair Ansari (Director/CEO of the Company) committed to ensure meticulous compliance of all applicable laws in the future, including timely filing and submission of annual audited financial statements for the year ended December 31, 2023. A subsequent letter dated January 10, 2024 was also submitted by Mr. Omair *inter alia* to demonstrate this commitment for future compliance.

7. As per the record of the Commission, the Company (pursuant to the direction issued by the concerned Company Registration Office (CRO) on December 14, 2023 under Section 147 of the Companies Act, 2017) has duly held its overdue AGM on December 26, 2023, as reported to the concerned CRO on the Form-A made up to December 31, 2023. Accordingly, the Company has also duly submitted its annual audited financial statements for the year ended December 31, 2022 with the concerned CRO on December 28, 2023.

8. I have gone through the relevant provisions of law, evidence available on the record and the



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submissions made by the Respondent through its Authorized Representative. I have observed that the Rule 7(1)(da) of the Rules read with Schedule I to the Rules clearly mandate submission of annual audited financial statements of a Non-Banking Finance Company (NBFC) within 120 days of the close financial year of such a company. I have also perused the penal provisions contained under Section 282J(1) of the Ordinance for the contravention of law in question. It is clearly evident that the Respondent failed to lodge its annual audited financial statements with the Commission within the prescribed timeline of 04 months following its year-end i.e. by April 30, 2023, and has now subsequently filed the same on December 28, 2023 with a considerable delay of almost eight (08) months. Be that as it may, the Respondent has requested to condone the questioned inordinate delay on its part and has demonstrated its commitment to adhere to all applicable laws in a timely manner in the future.

9. In view of the above-stated facts & circumstances, submissions made by the Respondents and the established default of the Respondent No. 1 in timely complying with Rule 7(1)(da) of the Rules read with Schedule-I to the Rules, I have hereby decided to impose a **penalty of Rs.200,000 (Rupees Two Hundred Thousand) only on the Respondent No. 1/the Company**, while the Respondents No. 2 to 4 are hereby warned to remain vigilant and ensure meticulous compliance with all applicable laws including the Rules & the Act in true letter and spirit in the future.

10. The Respondent No. 1 is directed to deposit the aforesaid penalty 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 a period of thirty (30) days from the date of this Order, and furnish receipted voucher issued in the name of the Commission for information and record.

11. This Order is being issued without prejudice to any other action that the Commission may initiate against the Company and / or its management (including CEO of the Company) for the violations of the aforesaid provisions of the law, and/or on matters subsequently investigated or otherwise brought to the knowledge of the Commission.

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

**Announced:**  
January 15, 2024  
Islamabad