

Before Shahzad Afzal Khan, Director/HOD (Adjudication-I)

In the matter of Show Cause Notice issued to Lakson Investments Limited

Dates of Hearing

January 23, 2023

Order-Redacted Version

Order dated January 31, 2023 was passed by Director/Head of Department (Adjudication-I) in the matter of Lakson Investment Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated December 05, 2022.
2. Name of Respondent(s)	Lakson Investment Limited, (the Company and/ or the Respondent)
3. Nature of Offence	Alleged contraventions of <u>Regulations 38(2)(y) & (z) and 58(1)(j) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations)</u> ; Clause 3.14.4 & 3.14.5 of the Master Circular dated August 15, 2022 (the Master Circular), and regulation 24 of the <u>Listed Companies (Code of Corporate Governance) Regulations, 2019 (the CCG Regulations)</u> read with Section 282 J of the Companies Ordinance, 1984 (the Ordinance)
4. Action Taken	<p>Key findings were reported in the following manner:</p> <p>I have examined the facts of the case in light of the applicable provisions of the law and have given due consideration to the written as well as verbal submissions and arguments of the Respondent and its Representatives in light of the aforesaid legal provisions. I am of the considered view that the minutes of IC meeting were not recorded as per the requirements of regulations 38(2)(y) & (z) of NBFC Regulations and now the Respondent has revised the format of IC meeting minutes (i.e. started to record the minutes "Fund wise") as per advice of the inspection team. Similarly, the Representatives accepted that with regard to future-ready sell-buy transactions they did not categorically advise the broker to execute the transactions in a way prescribed in the NBFC regulatory framework due to which mismatch in RBFS transaction with the regulatory requirement arises. Moreover, the Representatives also agreed with the applicability of CGG Regulations on AMC and assured to comply with such Regulations by June 2023. Thus, in view of the foregoing and the admission made by the Respondent and the Representatives, non-compliances/ contraventions of the provisions of the Regulation 38(2)(y) & (z), Regulation 58(1)(j) of the NBFC Regulations read with clause 3.14.4 and 3.14.5 of the Master Circular and regulation 24 of the CCG Regulations read with regulation 11A of the NBFC Regulations have been established, which attract imposition of</p>

	<p>penalty under Section 282 J of the Ordinance. However, considering that the Respondent; (i) has taken the remedial actions i.e. revising the format of recording the IC minutes, (ii) instructed the brokers in writing to execute the RBFS transactions as in a way prescribed under the NBFC regulatory framework (i.e. first buy then sell), and (iii) assured to expedite the process to appoint a company secretary in order to segregate the two positions (i.e. CFO and CS) as per the requirement of regulation 24 of the CGG Regulations read with regulation 11A of the NBFC Regulations; a lenient view is being taken and I, in the exercise of the powers conferred under Section 282J of the Ordinance, I hereby, impose a nominal fine of Rs.100,000/- (Rupees, <u>One Hundred Thousand Only</u>) on the Company on account of the aforesaid established non-compliance.</p>
5. Penalty Imposed	Rs. 100,000/-
6. Current Status of Order	Penalty Deposited and No Appeal has been filed by the Respondent.