

Before Amir M. Khan Afridi, Director/HOD (Adjudication-I)

In the matter of Show Cause Notice issued to SME Leasing Limited

Dates of Hearing

April 05, 2022

Order-Redacted Version

Order dated June 7, 2022 was passed by Director/Head of Department (Adjudication-I) in the matter of SME Leasing Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated March 03, 2022
2. Name of Respondent	SME Leasing Limited (the Respondent and/ or the Company)
3. Nature of Offence	Alleged contraventions of <u>Regulation 10 (b) & (ba) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (Regulations) read with Section 282J of the Companies Ordinance, 1984 (the Ordinance).</u>
4. Action Taken	<p>Key findings were reported in the following manner:</p> <p>I have reviewed the facts of the case and considered the written as well as verbal submissions of the Respondent and its Representative in light of the relevant legal provisions and observed that the Respondent remained non-compliant with the aforesaid regulatory requirements for a considerable time period. Although, the recruitment/ appointment process of CEO of the Company was delayed due to non-holding/ non-convening the Board meeting of the Parent Company and the quorum for convening the Board meeting was unavailable due to the existence of casual vacancies on the Board of the Parent Company. However, the Respondent had not brought the situation in to the notice of the Commission until the said observation was raised by the Commission and did not seek any relaxation from the Commission in respect of the appointment of CEO. Thus, I am of the considered view that as explained in above paras, the Company by not making application to the Commission for seeking approval for appointment of its CEO, has violated clauses (b) and (ba) of regulation 10 of the NBFC Regulations, which attracts applicability of the penal provision contained in Section 282 J of the Ordinance.</p>

	<p>The Respondent, being an NBFC and that too mainly owned by a public sector bank was expected to ensure and exhibit thorough compliance of all the applicable laws, but the aforesaid contraventions depict otherwise. Therefore, in exercise of the powers conferred under Section 282 J of the Ordinance, I hereby impose penalty of <u>Rs. 200,000/- (Rupees; Two Hundred Thousand Only)</u> on the Respondent on account of the aforesaid established and conceded contraventions/ non-compliances.</p>
5. Penalty Imposed	Rs.200,000/-
6. Current Status of Order	Penalty not deposited and No Appeal has been filed by the respondents so far.