

SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department- I

Adjudication Division

Through Courier

Ref: SCD/Adjudication/SPLC/29A/2019/3391

July 21, 2023

Saudi Pak Leasing Company Limited,
6th Floor, Lakson Square Building No. 1,
Sarwar Shaheed Road,
Karachi.

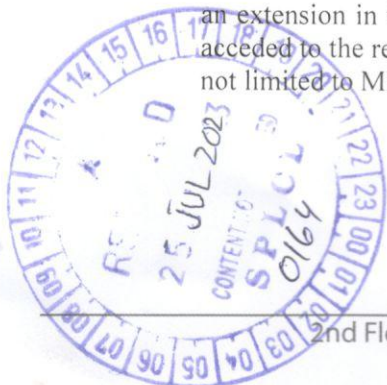
SUBJECT: SHOW CAUSE NOTICE UNDER SECTION 301(K) READ WITH 304(B) OF THE COMPANIES ACT, 2017

WHEREAS, **Saudi Pak Leasing Company Limited (the Company)** was incorporated on January 8, 1991, as a public limited company under the repealed Companies Ordinance (**the Ordinance**), now the Companies Act, 2017 (**the Companies Act**), with the name and style of Standard Chartered Mercantile Leasing Company Limited. Subsequently, a Certificate of Incorporation on change of name was issued on October 8, 1997, into the name of the Company. The Company was licensed by the Securities and Exchange Commission of Pakistan (**the Commission**) to carry out Leasing business as a Non-Banking Finance Company (NBFC) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (**the NBFC Rules**) and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (**the NBFC Regulations**). The Company is also listed on Pakistan Stock Exchange (**PSX**).

2. AND WHEREAS, the license issued pursuant to the NBFC Rules was valid for a period of three years and thereafter it was required to be renewed by the Commission. Accordingly, the license of the Company expired on May 18, 2010. The Company remained non-compliant with the prescribed minimum equity requirement (**MER**) as provided under rule 7(3) of the NBFC Rules and regulation 4 of the NBFC Regulations since September 2010. The prevailing MER was Rs.200 million, however, in November 2015, the Commission revised the MER for deposit-taking NBFCs to Rs.500 million. The Company being a deposit-taking NBFC failed to comply with the revised MER requirements.

3. AND WHEREAS, while taking cognizance of the default, the Commission initiated enforcement action against the Company through a Show Cause Notice (**SCN**) dated May 18, 2020, which was concluded through an Order dated September 28, 2020. The stipulations laid vide Order dated September 28, 2020, were time-bound, requiring fulfillment of those by December 31, 2020. However, the Company filed a review application against the aforesaid Order. Despite having lower level of MER, the said application was favorably reviewed affording the Company ample time-period to confirm with the requirements of the law; *vis a vis* maintain adequate level of MER. It was explicitly conveyed that in the event of failure to meet the MER by June 30, 2021, the license to undertake leasing business would stand revoked and the Commission would initiate winding up proceedings against the Company.

4. AND WHEREAS, the Company failed to fulfill the conditions of aforesaid Order within aforementioned given timeline and vide letter dated December 22, 2021 requested the Commission for an extension in timeline till June 20, 2022. The Commission vide its letter dated December 31, 2021 acceded to the request of the Company and granted further extension to meet the conditions of the law; not limited to MER.





SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department-I
Adjudication Division

Continuation Sheet - 1 -

5. AND WHEREAS, the Commission vide its letter dated May 12, 2023, categorically conveyed to the Company that its license to undertake leasing business stood cancelled, under Section 282 J (2) of the Ordinance. Thus, the Company is no more licensed NBFC under the NBFC Rules and the NBFC Regulations.

6. AND WHEREAS, Section 301(k) of the Companies Act provides that:

“301. Circumstances in which a company may be wound up by Court. —A company may be wound up by the Court—

.....
(k) if the sole business of the company is the licensed activity and it ceases to operate consequent upon revocation of a licence granted by the Commission or any other licencing authority; or.....”

7. AND WHEREAS, Section 304 of the Companies Act provides that:

“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—

....
(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;”

8. AND WHEREAS, in view of the above, the Company is liable for winding up through the Court based on the grounds as stipulated under Section 301(k) of the Companies Act read with Section 304 (b) thereof, as mentioned hereinabove.

9. NOW, THEREFORE, the Company is hereby called upon to show cause in writing within 14 days from the date of receipt of this Show-Cause Notice (SCN) as to why the Registrar may not be granted sanction for presenting a petition in the Hon'ble High Court seeking winding up of the Company.

10. In the event that you wish to be represented by a Representative please ensure that the authorizing instrument i.e. power of attorney, in original, is submitted along with your reply to this notice.

11. All the documents submitted by you in support of your reply must be duly authenticated i.e. signed and stamped as “Certified True Copy” by an officer authorized by the competent authority to do so.



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department-I
Adjudication Division

Continuation Sheet - 2 -

12. Please note that you will be liable under the law for concealment of any evidence or misstatement made in response to this SCN.
13. Please note that this SCN is being issued without prejudice to any other action which may be taken or warranted for the aforesaid or any other default under any provision of the law.
14. Receipt of this SCN may please be acknowledged through return fax at number 051-9100477 or email at adj.licensedentities@secp.gov.pk.

(Shahzad Afzal Khan
Director/Head of Department
Adjudication-1 Department