



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN  
SPECIALIZED COMPANIES DIVISION

BEFORE MR. AKIF SAEED, EXECUTIVE DIRECTOR SPECIALIZED  
COMPANIES DIVISION

ORDER

IN THE MATTER OF NATIONAL ASSET LEASING COMPANY LIMITED

SHOW CAUSE NOTICE UNDER SECTION 282 J (5)  
OF THE COMPANIES ORDINANCE, 1984

| SCN No: SC/NBFC-D/R/NALC/2005/661 Dated December 14, 2005 |   |
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| Hearing   | Present   |
| 12 June 2007  | i. Mr. Abu Obaida, Chief Executive<br>ii. Mr. Khalid Iqbal, Director<br>iii. Mr. Azhar Tariq Khan, Director<br>iv. Mr. Naveed Hassan Zaidi, Director<br>v. Mr. Umer Hayat Khan, Director, NBFC-I, (SECP)<br>vi. Mr. Imran Hussain Minhas, Joint Director, NBFC-I (SECP) |

This order shall dispose of the matter relating to show cause notice No. SC/NBFC-1/NALC/2005/661 dated 14 December 2005 under section 282 J (5) of the Companies Ordinance, 1984 (the "Ordinance") issued to the Directors of M/s National Assets Leasing Company (the "Company") for failure to comply with the requirement of rule 20(2) of the Leasing Companies (Establishment and Regulation) Rules, 2000 (the "Rules") and Section 476 of the Ordinance .

2. The Facts leading to this case, briefly stated, are that in terms of rule 7(3) of the Rules , the companies which were granted licence before the commencement of the Rules were required to raise their paid up capital to Rupees. 200 million by 30 June 2001.

3. The Commission vide letter dated 21 June 2001 advised Chief Executive of the Company to submit a sound and viable plan to increase the capital base of the company to the requisite level of Rupees. 200 million no later than 30 June 2001. For compliance of Rule 7(3) the Chief Executive of the Company requested the Commission to further extend the time period for six months as the Company was considering merger with another leasing company namely, Capital Asset Leasing Corporation Limited



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(CALCORP) but the merger plan did not materialize up to 31 December 2001. The Chief Executive of the Company requested for a further six months extension i.e up to 30 June 2002 to increase the paid-up capital to the requisite level, however the Company failed to come up with a substantive plan to meet the regulatory requirement to increase its paid up capital..

4. In addition to the above, the in-substantive measures by the management of the Company to increase its paid up capital were indicative of a scheme to avoid meeting the regulatory requirement on one pretext or the other. Therefore, the Executive Director Specialized Companies Division ("SCD") issued a show cause notice dated October 23, 2001, in terms of Rule 20 of the Rules read with Section 476 of the Ordinance as to why a fine may not be imposed on every director of the Company and why the licence of the Company to operate as a leasing company may not be cancelled for the non-compliance of the regulatory requirement.

5. Pursuant to a hearing, the Executive Director (SCD) on 4 April 2002, in exercise of her power conferred upon her by Rule 20(2) of the Rules read with section 476 of the Ordinance, cancelled the Company's licence to operate as leasing company Further, in exercise of her powers under Rule 20 (1) of the Rules read with section 476 of the ordinance, a penalty of Rupees: 22,800/- was imposed on each of the following seven Directors of the Company:

- i) Mr. Rana Abu Obaida
- ii) Mr. Khalid Iqbal
- iii) Syed Naveed Zaidi
- iv) Mr. Sohail Ali
- v) Mr. Shamim I. Junejo
- vi) Mr. Azhar Tariq Khan
- vii) Mr. M.A. Rahmani

6. The company filed an appeal against the order of the Executive Director (SCD) under section 33 of the Securities and Exchange Commission of Pakistan Act, 1997 (the "Act") which was dismissed by the Appellate Bench vide order dated 7 June 2002.



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7. Thereafter the Company appealed under section 34 of the Act against the orders of the Appellate Bench in the Lahore High Court, Rawalpindi Bench. The Honorable High Court through an order specified a cut off date of 29 June 2004 to the Company for enhancing its equity up to Rupees. 200 million. The Company failed to enhance its equity to Rupees. 200 million by the cut off date and Commission's order for cancellation of licence and imposition of penalty remained valid.

8. On 14 December 2005, the Commission issued a show cause notice to all the Directors of the Company under section 282 J (5) of the Ordinance for not making the payment of fine and provided an opportunity to represent within seven days as to why an order may not be passed to disqualify the Directors of the Company from holding any office in any company or an NBFC.

9. Out of seven Directors five deposited the penalty amount after the stipulated time of 30 days with the exception of Mr. Shamim I. Junejo and Mr. Sohail Ali without giving any cogent reason. Despite this fact, the Commission on the request of the Directors of the Company provided an opportunity of hearing on 4 July 2006 and on 12 June 2007 to explain their viewpoint. During the said hearings Mr. Rana Abu Obaida, Mr. Khalid Iqbal Mr. Azhar Tariq Khan and Mr. Naveed Hassan Zaidi appeared and requested this office to condone the delay in depositing the penalty amount since the delay occurred due to some misunderstanding on their part.

10. The upshot of the discussion above and after examination of record of the case, it appears that the default in paying the penalties within the stipulated time by the aforementioned Directors does not appear to be willful. Hence, in the interest of justice, the delay in depositing the penalty amount is hereby condoned. As for Mr. Shamim I. Junejo and Mr. Sohail Ali, both the Directors failed to deposit the penalty amount within six months of the order of the Appellate Bench dated June 7, 2002 and nor made any representation, hence the default in payment of penalties on their part has been established. Their continuous absence from the proceedings shows a callous and indifferent attitude towards compliance of the Commission's orders. They have been

*Chief Executive*



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provided sufficient opportunity to give defense evidence on their individual capacities as Directors of the Company which has not been availed. This has been in complete disregard of responsibilities imposed upon them by the fiduciary relationship they are in with the Company. I, therefore in exercise of powers conferred upon me in terms of Section 282(J) 5 of the Ordinance, order that Mr. Shamim I. Junejo S/o Imdad Hussain Junejo and Mr. Sohail Ali S/o Amjad Ali, Directors of the Company stand disqualified to hold any office in any company or an NBFC for a period of six months from the date of this order.

12. The Order is being issued without prejudice to any or all actions that may be required to be taken under the law against the Company, its director(s) /officers(s) or any other person involved in violation of any other relevant laws which may have been committed.

(Akif Saeed)  
Executive Director (SCD)

*Announced*

October 9, 2007