

NO. 19(742)/CF/ISS/93-51  
SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN  
State Life Building, 7-Blue Area,  
Islamabad

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**IN THE MATTER OF DADABHOY LEASING COMPANY LIMITED**

Present: Mr. Osman Dadabhoy,  
Director

Date of Hearing : 11-11-1999

**ORDER**

The following directors of M/s. Dadabhoy Leasing Company Limited were required under section 199 of the Companies Ordinance, 1984 to appoint a chief executive of the company in place of Mr. Shamim Iqbal who resigned on 28.02.1998 after seeking prior written authorization of the Commission in terms of rule 6(2)(b) of Leasing Companies (Establishment and Regulation) Rules, 1996:-

1. Mr. Noor Mohammad Dadabhoy
2. Mr. Mohammad Farooq Dadabhoy
3. Mr. Osman Dadabhoy
4. Mr. Abdul Rehman Dadabhoy
5. Mr. Abdul Rahim Dadabhoy
6. Mrs. Zaibun Nisa Tanveer
7. Mrs. Maherun Nisa Zaffer

2. The said directors of the company appointed Mr. Abdul Rahim Dadabhoy as Chief Executive who was not a person eligible for appointment to the office of Chief Executive in terms of rules 3(h) of the Leasing Companies (Establishment and Regulation) Rules, 1996. Hence the said

directors failed to make a valid appointment to the office of Chief Executive of the company and violated the provisions of section 199 sub-section (1) of the Companies Ordinance, 1984 read with rules 3(h) and 6(2)(b) of the Leasing Companies (Establishment and Regulation) Rules, 1996. Accordingly show-cause notice under section 204 ibid. were issued and the afore-said directors asked to explain as to why penalties as provided in section 204 of the Companies Ordinance, 1984 may not be imposed upon them. In the reply given by two lady directors it was stated since they had not attended the meeting of the board of directors in which the appointment of chief executive took place therefore, their names should be excluded from further proceedings and matter treated closed. Mr. Hassan Mansoor one of the director is nominee of ADBP. Considering the fact the Commission accepted the request of two lady directors and excluded their names from further proceedings. The name of Mr. Hassan Mansoor was also excluded from proceedings because of nominee director of ADBP. Also a hearing was held on 11.11.1999 when Mr. Osman Dadabhoy (one of the director) appeared before me on his behalf and on behalf of other directors of the company. He admitted the default and assured that after receipt of the notice from the Securities and Exchange Commission of Pakistan, directors of the company have taken necessary steps to select and appoint a person duly eligible for appointment in terms of rule 3(h) of the Leasing Companies (Establishment and Regulation) Rules, 1996. He further explained that a suitable person has already been selected for the said appointment and his papers are being sent to the Commission for approval shortly under the Leasing Rules, 1996.

3. In view of the circumstances I have considered the case and I am of the opinion that it is a fit case for debarring of the afore-said directors from becoming a director of a company and imposing upon them the maximum penalty as in case of NBFIs, the directors are expected to be more law abiding. This plea cannot be accepted that the said directors were not aware about the eligibility conditions for appointment of Chief Executive of the company. If this plea is accepted perhaps more serious action against the directors will be required as directors who not know even the basics of the rules about NBFIs do not deserve to be on the board of directors of NBFIs.

4. I, however, on the assurance of Mr. Osman Dadabhoy, take a lenient view and impose a penalty of Rs.5,000/- on each of the director i.e. Mr. Noor Mohammad Dadabhoy, Mr. Mohammad Farooq Dadabhoy, Mr. Osman Dadabhoy, Mr. Abdul Rehman Dadabhoy, and Mr. Abdul Rahim Dadabhoy of the company with strict warning that if they fail to appoint an eligible person as Chief Executive of the company within two weeks time, this order will be reviewed and maximum penalty including debarring the directors from becoming directors in any other company for a term of three years will be imposed besides any other action required under the Law.

5. The afore-mentioned directors will deposit the amount of the penalty as stated above into the following account of SECP within 30-days and submit the original paid treasury challan to the Commission for further necessary action in the matter.

Account No. 10464-4  
Central Branch,  
2 - Habib Bank Plaza,  
I.I. Chundrigar Road, Karachi

(M. Zafar - ul - Haq Hijazi)  
Commissioner (Enforcement)  
12 - 11 - 1999