



# SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

## Before the Director/HOD (MSCID)

In the matter of Show Cause Notice issued under Section 224(4) of the Companies Ordinance, 1984 to Mr. Muhammad Iqbal, a Director of Javed Omer Vohra & Company Limited

**Date of Hearing:** October 26, 2011

**Present at Hearing:**

**Representing the Respondent:** Mr. Muhammad Iqbal appeared in Person

**Assisting the Director/HOD (MSCID):** Mr. Muhammad Farooq,  
Joint Director (SMD)

### Order

This order will dispose of the proceedings initiated under Section 224(4) of the Companies Ordinance, 1984 (“**Ordinance**”) by the Securities and Exchange Commission of Pakistan (“**Commission**”) through Show Cause Notice No. S.M(B.O)C.O.222/1(1291)02 dated 18/10/2011 (“**Notice**”) issued to Mr. Muhammad Iqbal (“**Respondent**”), Director of Javed Omer Vohra & Company Limited (“**Issuer Company**”).

2. The facts of the matter leading up to aforesaid Notice are that the Issuer Company is a public listed company and the Respondent being its Director was required to file his returns of beneficial ownership on Form 32, within the period stipulated under Section 222 of the Ordinance. However, he failed to discharge the said obligation which attracts penal provisions contained in Section 224(4) of the Ordinance.

3. Section 222(2)(c) of the Ordinance stipulates the period within which the Form 32 is required to be submitted. For convenience, the provisions of the said Section are reproduced hereunder:-

*“where there is any change in the position or interest as aforesaid including a change in the beneficial ownership of any equity, security, within fifteen days of such change”.*

4. It is worth mentioning that in order to provide an opportunity to directors/beneficial owners of listed companies to file their over due returns of beneficial ownership without facing penal action, the Commission through Notices dated 07/09/2009 and 21/09/2010 asked them to file their returns of beneficial ownership with Head Office of the Commission by 31/10/2009 and 31/10/2010 respectively and to ensure timely compliance of Section 222 of the Ordinance in future. The aforesaid Notices were sent to all listed companies and were also disseminated through stock exchanges and print media.



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN  
Securities Market Division  
Market Supervision & Capital Issues Department (MSCID)  
\*\*\*

Continuation Sheet No. 1

5. On account of scrutiny of record of this office, it was observed that the Respondent has failed to file the returns of beneficial ownership on Form 32 for the changes took place in his holding from 30/01/2009 to 15/12/2009. The Respondent was, therefore, asked vide letter dated 11/01/2011 followed by reminder dated 21/02/2011 to file returns of beneficial ownership on Form 32 alongwith reasons for non-filing of the same, within the period stipulated in Section 222 of the Ordinance. But despite seeking extension in time twice, the Respondent did not file the said returns. The Respondent was, therefore, again reminded vide letter dated 08/07/2011 for filing of the said returns of beneficial ownership, with the caution that in case of failure, proceedings under Section 224(4) of the Ordinance will be initiated.

6. Since the Respondent failed to file Form 32 for the under reference changes in shareholding, the Commission, therefore, took cognizance of the aforesaid default and issued Notice to the Respondent under Section 224(4) of the Ordinance, calling upon him to explain through written reply alongwith documentary evidence, if any as to why action may not be taken against him pursuant to Section 224(4) of the Ordinance, for aforesaid contravention of Section 222(2)(c) of the Ordinance.

7. Furthermore, in order to provide him an opportunity of being heard in person, hearing in the matter was fixed for 26/10/2011 at Commission's office, Karachi. On the given date, the Respondent appeared before me in person and stated:-

- a) *During the directorship of the Issuer Company, I never got any personal benefit from the Company. I was s Director on paper only. Now the Company is closed without any staff.*
- b) *He became penniless due to market crises prevailed from 2007 to 2009.*
- c) *Pursuant to the provisions of Section 224 of the Ordinance, the gain made by him on purchase and sale transactions, within the period of six months was tendered to the Issuer Company.*
- d) *He has been filing the returns of beneficial ownership with the Commission, within the stipulated time limit except for the under reference changes in shareholding, as the data of the said changes is not available with him. He claimed that the said transactions were not ordered by him, but his account was misused in this regard.*
- e) *He requested to allow him time period of atleast one month for filing the returns of beneficial ownership for the changes in question.*
- f) *He further requested to take a lenient view of the default, as in past he has tried to file the said returns within the given time limit.*



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN  
Securities Market Division  
Market Supervision & Capital Issues Department (MSCID)  
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*Continuation Sheet No. 2*

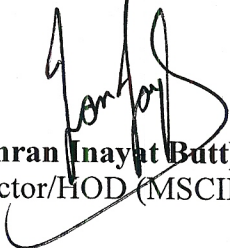
8. The Respondent vide letter 26/10/2011 formally requested for extension in time for filing of the returns in question, which was accepted. Subsequently, the Respondent filed Form 32 with the Commission on 05/01/2012, for the under reference changes in his beneficial ownership.

9. I have perused the Form 32 filed by the Respondent alongwith other returns previously filed by him under Section 222 of the Ordinance. The said record reveals that pursuant to the provisions of Section 224 of the Ordinance, the Respondent has tendered gain of Rs. 507,396 to the Issuer Company. I have also observed that tendering of the said amount of gain to the Issuer Company apparently does not absolve the Respondent from the entire liability accrued under Section 224(1) of the Ordinance. It is clarified that instant proceedings initiated for late/non-filing of returns of beneficial ownership are disjunctive from the process of tendering/recovery of gain made in terms of Section 224(1) of the Ordinance. Hence proceedings for recovery of balance amount of gain, if any, will be initiated separately under Section 224(2) of the Ordinance.

10. I have also considered the submissions made by the Respondent during the course of personal hearing. The Respondent has admitted the default of non-filing of the return of beneficial ownership with the contention that said default was not committed willfully and knowingly and requested to condone it. In order to arrive at conclusion, as earlier pointed out, I have reviewed the available record which reveals that the Respondent has earlier filed return of beneficial ownership on Form 31/32 almost within the stipulated time period. Considering the arguments advanced by the Respondent, I intend to agree with the contention of the Respondent and of the view that the late filing of the under reference return of beneficial ownership may not be willful. Therefore, a lenient view of the matter has been taken and the Respondent is hereby strictly warned to ensure timely compliance of Section 222 of the Ordinance as and when required in future.

11. This Order is issued without prejudice to any other action that the Commission/Registrar may initiate including under Section 224(2) of the Ordinance against the Respondent in accordance with the law on matter or any other matter subsequently investigated or brought to the Notice of the Commission.



  
(Imran Inayat Butt)  
Director/HOD (MSCID)

Islamabad.  
Announced on February 3, 2012