



# SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

SECP

## Before the Director/HOD (MSCID)

In the matter of Show Cause Notice issued under Section 224(4) of the Companies Ordinance, 1984 to Mr. Shunaid Qureshi, Director of Javedan Corporation Limited

**Date of Hearing:** November 13, 2012

### **Present at Hearing:**

**Representing the Respondent:** Syed Muhammad Talha  
Chief Financial Officer,  
Javedan Corporation Limited

**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.222/9(91)2010 dated 28/08/2012 ("**Notice**") issued to Mr. Shunaid Qureshi ("**Respondent**"), Director of Javedan Corporation 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 return of changes in beneficial ownership on Form 32, within the period stipulated under Section 222 of the Ordinance. However, the Respondent failed to discharge the said obligations which attract penal provisions contained in Section 224(4) of the Ordinance.

3. Section 222(2)(c) of the Ordinance stipulate the period within which the said returns on Form 31 and Form 32 are to be submitted as under:-

*"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.

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5. On account of scrutiny of record of this office, it was observed that the Respondent has failed to report certain changes in his beneficial ownership. The Respondent was, therefore, asked vide letter dated 14/02/2012 to file Form 32 alongwith reasons for non-filing of the same, within the period stipulated in Section 222 of the Ordinance. In response to the said letter, the Respondent filed Form 32 on 01/03/2012 showing therein the following changes in beneficial ownership:-

Sr. No.	Date	No. of Shares	Nature of Change	Return Due On	Delay in Days
1	21/05/2010	334,500	Purchase	06/06/2010	635
2	24/05/2010	243,000	Sale	09/06/2010	632
3	18/03/2011	562,000	Sale	02/04/2011	334
4	28/03/2011	168,000	Sale	12/04/2011	324
5	01/11/2011	240,000	Purchase	16/11/2011	106
6	08/12/2011	570,000	Purchase	23/12/2011	69
7	08/12/2011	225,000	Sale	23/12/2011	69
8	09/12/2011	20,000	Purchase	24/12/2011	68

The aforesaid changes in shareholding were reported to the Commission with delay ranges from 68 days to 635 days in contravention of Section 222 of the Ordinance. The said contraventions attract penal provisions of Section 224(4) of the Ordinance, which provides as under:-

*"Whoever knowingly and wilfully contravenes or otherwise fails to comply with any provision of section 222, section 223 or section 224 shall be liable to a fine which may extend to thirty thousand rupees and in the case of a continuing contravention, non-compliance or default to a further fine which may extend to one thousand rupees for every day after the first during which such contravention, non-compliance or default continues"*

6. The Commission took cognizance of the aforesaid defaults 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 contraventions of Section 222 of the Ordinance. The Respondent vide letter dated 12/09/2012, filed written reply to the Notice, wherein he regretted for the late filing of the under reference return of beneficial ownership.

7. Furthermore, in order to provide an opportunity of being heard in person, hearing in the matter was fixed for 13/11/2012 at Commission's Regional Office, Karachi. On the given date, Syed Muhammad Talha, Chief Financial Officer of the Company ("**Authorized Representative**") appeared before me on behalf of the Respondent. The submissions made by the Authorized Representative during the course of hearing be summarized as under:-



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- a) *Due to oversight the return could not be filed with the Commission within the statutory period.*
- b) *The delay in filing of the return may be condoned.*
- c) *The Authorized Representative ensured that the Respondent will comply with the requirement of Section 222 of the Ordinance within the prescribed time period in future.*

8. I have considered the aforesaid submissions made by the Respondent in writing as well by the Authorized Representative verbally during the course of hearing. The Respondent has admitted the default with the plea that the returns could not be filed within the stipulated time period due to oversight. In this regard, it is pointed out that:-

- (i) In order to engender awareness and provide an opportunity to the specified officers and more than ten percent shareholders of listed companies, for filing of overdue returns, the Commission carried out exercise twice as mentioned in detail in para 4 of the Order, but the Respondent failed to discharge its liability entailed under Section 222 of the Ordinance, until, the same was pointed out by this office through letter dated 14/02/2012.
- (ii) Moreover, I am of the view that Sections 220 to 224 of the Ordinance speak about a Scheme. Under the said Scheme such beneficial owners/persons are required to report their shareholding as well as changes in shareholding at the same time to the Company, Registrar of Companies and the Commission. The said officers and more than ten percent shareholders of a listed company are required to fulfill their statutory requirements within the time period provided in the law. The inevitability of the filing of the return of beneficial ownership with the Commission may be adjudged from the fact, that it enables the Commission to monitor the trading activities of the returnee.

9. In view of the foregoing discussion, it is evident that the Respondent was fully aware about its liability of filing of the returns of beneficial ownership, he failed to do so within the stipulated time limit. In my opinion, the Respondent has contravened the provisions of Section 222 of the Ordinance despite having knowledge of the requirement of the law. Thus, in the light of aforesaid discussion, I am of the view that the Respondent has committed the violation. However, on receipt of aforesaid letter from the Commission, he has filed the Form 32. Taking a lenient view of the default, in exercise of powers conferred under Section 224 (4) of the Ordinance, I hereby impose a fine of Rs. 30,000 (thirty thousand rupees only) on the Respondent and no further fine for continuous default is imposed.




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10. The Respondent is directed to deposit the fine in the account of the Commission being maintained in the designated branches of MCB Bank Limited, within 30 days of the date of this order and furnish Original Deposit Challan to this office.

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



  
(Inran Inayat Butt)  
Director/HOD (MSCID)

Islamabad.  
Announced on November 20, 2012