



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN  
Securities Market Division  
Market Supervision and Registration Department

**Before the Director/HOD (MSRD)**

In the matter of Show Cause Notice issued under Section 224(4) of the Companies Ordinance, 1984 to Mr. Iqbal Alimohamed, Director of Hub Power Company Limited

**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 SMD/BO/Co.222/1(593)13 dated 07/1/2014 ("**Notice**") issued to Mr. Iqbal Alimohamed ("**Respondent**"), Director of Hub Power Company ("**Issuer Company**").

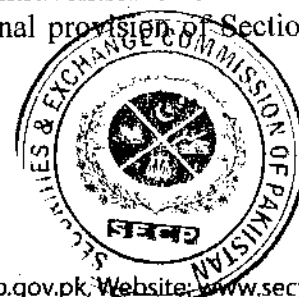
2. The facts of the matter leading up to aforesaid Notice are that the Issuer Company is a public listed company and the Respondent being its Director was required to file return of beneficial ownership on Form 31 within the period stipulated under Section 222 of the Ordinance. However, he failed to discharge the said obligation which attracts penal provision contained in Section 224(4) of the Ordinance.

3. Section 222(2)(b) of the Ordinance stipulates the period within which the Form 31 and Form 32 are to be submitted as under:-

*"in any other case, including a case where the company is listed on the stock exchange after the commencement of this Ordinance or after the person has occupied the position or office specified in sub-section (1) or has acquired interest as beneficial owner of securities as aforesaid, within thirty days of occupying the office in the company or acquisition of interest as beneficial owner requiring submission of the return aforesaid or listing of the company on the stock exchange, as the case may be";*

4. The Respondent in response to this office letter dated 08/7/2013, filed Form 31 with this Commission on 23/07/2013. The said Form 31 showed that he acquired beneficial ownership in the Company on 27/09/2012 and 5,459,195 shares of the Company were beneficially owned by him. Thus, he was required to file the said return with this Commission latest by 26/10/2012, but the same was filed on 23/07/2013 with delay of 269 days, in contravention of Section 222(2)(b) of the Ordinance. The said contravention *prima facie* attracts penal provision of Section 224(4) of the Ordinance, which provides as under:-

SECURITIES & EXCHANGE  
COMMISSION OF PAKISTAN  
NIC Building, 63 Jinnah Avenue,  
Islamabad, Pakistan





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*"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".*

5. The Commission 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 along with 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 of the Ordinance. Moreover, in order to provide an opportunity of being heard in person, hearing in the matter was fixed for 23/01/2013 at Commission's Head Office, Islamabad.

6. The Company Secretary of the Issuer Company vide letter dated 13/01/2014 responded the Notice on behalf of the Respondent, wherein he inter alia stated that "the Respondent was under the impression that the Form 31 would have filed by the Company Secretary. Thus the default took place due to misunderstanding. He requested to ignore the mistake and condone the procedural lapses and excuse the Respondent from filing any reply and appearing before the Commission for providing explanation. On the abovementioned date Mr. Inam ur Rehman Siddiqui, Resident Manager of the Issuer Company (**Authorized Representative**) appeared on behalf of the Respondent. The Authorized Representative was attended by Mr. Muhammad Farooq, Joint Director (SECP), as on the said date the undersigned proceeded to Karachi on account of an urgent official engagement. The submissions made and the documents presented by the Authorized Representative were placed before me by the above named Joint Director. The submissions made by the Respondent be summarized as under:-

- a) *The Respondent was of the view that usually the necessary returns are filed with the Commission by the companies. Due to this misunderstanding the lapse has occurred in filing of the Form 31.*
- b) *The default in late filing of Form 31/32 took place inadvertently.*
- c) *The Authorized Representative requested to condone the delay, with the plea that the same was committed unintentionally.*

7. I have considered the aforesaid written submissions made by the Respondent. The Respondent has admitted the default of late filing of the return of beneficial ownership with the contention that the said default was committed due to misunderstanding of legal requirements. In this regard, it is stated that provisions of Section 222 of the Ordinance clearly prescribes that

NIC Building, Jinnah Avenue, Blue Area, Islamabad  
Tel. No. 051-9225224, Fax No. 051-9218595

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filing of Form 31/Form 32 is obligation of the beneficial owner rather than the issuer company. But, the Respondent failed to file Form 31, within the stipulated time limit. In my opinion, the Respondent has contravened the provisions of Section 222 of the Ordinance. Hence, in the light of aforesaid discussion, I am of the view that the Respondent has committed the violation. However, 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. 15,000/- (fifteen thousand rupees only) on the Respondent.

8. 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.



  
(Imran Inayat Butt)  
Director/HOD (MSRD)

Islamabad.

Announced on March 6, 2014.