



**SECURITIES & EXCHANGE COMMISSION OF PAKISTAN**

**(Securities Market Division)**

**Public Offering and Regulated Persons Department**

File No. 1(78) SMD/PRPD/PSX/2016

December 26, 2016

**Nassir Javaid Maqsood Imran Chartered Accountants**

807, 8th Floor, Q.M. House,  
Plot No. 11/2, Ellander Road,  
Opp. Shaheen Complex,  
Off. I.I. Chundrigar Road,

**Karachi**

Fax: 021- 32211515

**Subject: ORDER IN RESPECT OF SHOW CAUSE NOTICE DATED OCTOBER 21, 2016 BEARING NO 1(78) SMD/PRPD/PSX/2016.**

Dear Sir,

Please find enclosed herewith a copy of order in the title matter for your record and necessary action.

Yours truly,

**(Muhammad Farooq)**

Additional Director (PRPD)



Securities and Exchange Commission of Pakistan  
Securities Market Division  
Public offering and Regulated Persons Department

Through Courier

Before the Executive Director/HOD (PRPD)  
In the matter of Show Cause Notice Issued to Nasir Javaid Maqsood Imran Chartered  
Accountants

Date of Hearing December 02, 2016  
Present at the Hearing  
Representing Nasir Javaid Maqsood Imran Chartered  
Accountants

Mr. Javed Kassim

Partner

Assisting the Executive Director (PRPD)

Mr. Nasir Askar

Director (PRPD)

Mr. Muhammad Farooq

Additional Director (PRPD)

Mr. Sabeel Ahmed

Management Executive (PRPD)

**ORDER**

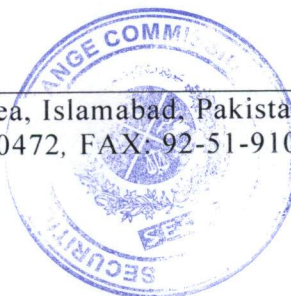
This Order shall dispose of the proceedings initiated through Show Cause Notice bearing No. 1(78) SMD/PRPD/PSX/2016 dated October 21, 2016 ("SCN") served to Nasir Javaid Maqsood Imran Chartered Accountants ("**Respondent**") by the Securities and Exchange Commission of Pakistan ("**Commission**") under section 22 of the Securities and Exchange Ordinance, 1969 ("**Ordinance**")

2. Brief facts of the case are that the Commission conducted an onsite inspection of M/s Akhai Securities (Private) limited ("**ASL**") who is a Trading Right Entitlement Certificate ("**TREC**") holder of Pakistan Stock Exchange ("**PSX**") and registered with the Commission as a broker under the Brokers and Agents Registration Rules, 2001 ("**Brokers Rules**").

3. The inspection revealed that the net capital balance ("**NCB**") of ASL as on December 31, 2015 was not calculated in accordance with the Third Schedule of the Securities and Exchange Rules, 1971 ("**SE Rules**"). As per the inspection findings, the NCB of ASL as on December 31, 2015 was negative Rs 6.02 million and not 5.073 million as reported to PSX.

4. In terms of rule 2(d) of the SE Rules read with clause 19.3.2 of PSX Rule Book ("**Rule Book**"), the NCB is required to be audited and verified by an auditor.

5. Based on the inspection findings, the Commission served a SCN to the Respondent under section 22 of the Ordinance. Hearing in the matter of aforesaid SCN was scheduled on November 04, 2016. The written response to the SCN was received by the Commission on November 01, 2016. On request of the Respondent, the hearing was rescheduled for December 02, 2016. Mr. Javed Kassim, Partner ("**Representative**") attended the hearing on behalf of Respondent through video link from Commission's Karachi office. The Respondent in writing and the Representative during the hearing took the following stance:





*"We like to clarify that loan amount of Rs. 10.5 million received many years back by the company from directors is long term in nature and thus its deduction from NCB calculation is not allowed.*

*Audited accounts for previous years also show its long term and markup free nature and thus there is no doubt about its being long term in nature. We are enclosing herewith copy of audited financial statements by another firm of chartered accountants for the year ended June 30 2015 showing classification under long term for the year 2014 and 2015 respectively".*

*Third Schedule rule 2(d) define net capital balance as current assets minus current liabilities calculated in specified manner therefore long term loan have been excluded from the calculation. Guidelines to SE Rules 1971 dated July 03, 2013 also clarifies criteria for long term nature under clause 7.1 as follow:*

*The balance of director's loan amount in which receipts/payments transactions pertaining to one-year period till the date of reporting period of NCB are recorded should be transferred as short term loan for NCB purpose irrespective of its classification/ disclosure in the books of accounts.*

*For this purpose, we are enclosing herewith copy of ledger account of director's loan showing no movement during the year under review thus justifying its exclusion from the short term loan.*

*Regarding markup of Rs 0.6 million we have deducted all markup payable for NCB up to December 2015 by the company and providing you copies of bank advices and NCB working for your review.*

6. I have heard the arguments presented by the Representative of the Respondent at length during the hearing. Additionally, I have perused the available record and written response filed by the Respondent.

7. With regard to calculation of NCB, the Representative asserted that the loan of Rs 10.2 million was long term in nature and therefore it did not contravene the guidelines issued by the Commission. In support, the Representative provided copies of loan agreement dated May 04, 2015 and copy of audited financial statements of 2014-15 where the loan was classified as a long term liability. With regard to non-inclusion of mark-up on loan amounting to Rs. 0.6 million, the Representative provided evidence of inclusion of the same amount in calculation of NCB. The Representative further stated that the said mark-up was due on running finance facility. Further, the Representative provided copies of bank statements to substantiate the fact. The evidence provided by the Representative was shared with the representative of the concerned department and he also agreed with the assertions made by the Representative during the course of hearing.

8. Keeping in view the detailed observations at para 7 above, no overstatement of NCB has occurred and therefore the SCN proceedings are concluded.

9. This order is issued without prejudice to any other action that the Commission may initiate against the Respondent in accordance with law on matters subsequently investigated or otherwise brought to the knowledge of the Commission.

Announced on December 23, 2016  
Islamabad.



*Asif Jalal Bhatti*  
Executive Director (PRPD)