

# 2016 Annual Report



*Javed Omer Vohra & Company Ltd.*

(Incorporated in Pakistan under the Companies Ordinance, 1984)



### OUR VISION

*Our vision is to be customer-focused, quality driven and growth oriented Company endeavoring to play an active role in the development of capital market and to ensure value to our clients by providing best quality service that meets or exceeds their needs while achieving favorable returns to the Company, its employee and shareholders.*

### OUR MISSION

*To realize our vision and fulfill our mission, we are committed to:*

- Promoting trust and strengthening long-term business relationships with our clients in order to discover and meet their needs.*
- Using a combination of proven and innovative professional skills to address clients needs and concerns.*
- Delivering high quality, accurate and timely services that represent value to our clients and generate profit for us.*

*As a growth oriented company, we are committed to provide a working climate that will make our people feel respected, fairly treated, listened to and involved. We're determined to create an environment in which we will offer all the employees an opportunity to learn, participate, contribute, be rewarded, grow and advanced based on excellence, not on politics.*

*To fulfill all our responsibilities being a good corporate citizen.*



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**JAVED OMER VOHRA & COMPANY LIMITED**

## **COMPANY INFORMATION**

### **BOARD OF DIRECTORS**

Muhammad Bilal Vohra  
Mrs. Ayesha Mubashir  
Mrs. Fatima Amir  
Ms. Afshan Farooqui  
Mrs. Saira Faraz

### **AUDIT COMMITTEE**

Ms. Fatima Amir *Chairman*  
Ms. Saira Faraz *Member*  
Mr. Farrukh Habib *Member*

### **AUDITORS**

NAVEED ZAFAR ASHFAQ JAFFERY & CO Chartered Accountants

### **LEGAL ADVISORS**

MS Mangrio & Co.

### **BANKERS**

United Bank Limited  
Bank Al-Falah Limited  
Summit Bank Limited  
MCB Bank Limited

### **SHARE REGISTRAR**

JWAFFS registrar services (Private) limited  
505, 5<sup>th</sup> Floor, Kashif Centre  
Near Hotel Mehran, Main Shahra-e-Faisal,  
Phone: 35643871-72, Fax: 35643873  
Email: [jwaffs@live.com](mailto:jwaffs@live.com)

### **REGISTERED OFFICE**

507-511, Karachi Stock Exchange Building, I.I. Chundrigar Road, Karachi.  
Telephone: (021)-32424051  
FAX: (021) 32415709  
E-MAIL: [jovcoltd@hotmail.com](mailto:jovcoltd@hotmail.com)



## JAVED OMER VOHRA & COMPANY LIMITED

### NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty-first Annual General Meeting of the Company will be held on Saturday, October 29<sup>th</sup>, 2016 at 08:30 AM at Hotel crown Inn Plot No.171 .off 21 AM, Frere Road, Saddar , Karachi to transact the following business:

#### ORDINARY BUSINESS

1. To confirm the minutes of Annual General Meeting (adjourned) held on November 7<sup>th</sup>, 2015.
2. To consider and adopt the audited accounts of the company together with Director's and Auditor's report thereon for the year ended June 30, 2016.
3. To appoint Auditors and fix their remuneration for the year ended June 30,2017.
4. To transact any other business with the permission of chair.

By order of the board  
Sd/-

Karachi: October 6<sup>th</sup> 2016

(**Muhammad Bilal Vohra**)  
**Chief Executive Officer**

#### Notes:

1. The share transfer books of the Company will remain closed from October 22<sup>nd</sup>, 2016 to October 29<sup>th</sup>, 2016 (both days inclusive). Transfers received at JWAFFS Registrar Services (Private)) limited at 505, 5<sup>th</sup> Floor, Kashif Centre Near Hotel Mehran, Main Shahra-e-Faisal, Karachi.
2. A member eligible to attend and vote may appoint another member as his/her proxy to attend and vote in the meeting.
3. The instrument appointing the proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of the power of attorney or other authority in order to be effective must be deposited at the Registered office of the Company, at least 48 hours before the time of holding the meeting.
4. The member who shares are deposited with Central Depository Company of Pakistan Limited (CDC) and /or their proxies are requested to bring their original Computerized National Identity Card (CNIC) or Passport along with the participant's ID Number and their account numbers in Central Depository Company of Pakistan Ltd. (CDC) to facilitate identification at the time of meeting.
5. The members are requested to timely notify any change in their addresses to JWAFFS Registrar Services (Private) limited at 505, 5<sup>th</sup> Floor Kashif Centre Near Hotel Mehran, Main Shahra-e-Faisal, Karachi.



## **DIRECTOR'S REPORT TO THE SHAREHOLDERS**

Dear Shareholders,

The Directors of the Company present their report together with the audited financial statements of the Company for the year ended June 30, 2016.

### **Economic & Market Review**

In fiscal year (ended 30 June 2016), the aggregate impact of the government's macroeconomic and structural reforms led to growth in Pakistan. There was a GDP growth of 4.71%, which is the highest achieved in last 8 years. Large scale manufacturing grew by 4.7% mainly led by chemicals, cements and automobiles. Factors such as improved security and reduction in oil prices led to growth numbers even higher than the forecasts despite a massive decline in cotton production. However, inflation and current account deficit for less than expected. On a positive note, however, the foreign exchanged reserves elevated resulting in a budget deficit shrink.

Externally, FX reserves rose to USD 23.1bn in June'16 as compared to USD 18.7bn in the same period last year. The improvements in the external sector helped in maintaining the exchange rate and IMF is expected to be completed now. Inflation remained under control which makes our future outlook for Pakistan positive with both consumption and investment le growth. Projects under CPEC are moving at fast pace towards completion, which, will bring about improvements in manufacturing and trade activities.

As far as the market is concerned, we saw a milestone being achieved this year by the merger of three stock exchanges into Pakistan Stock Exchange (PSX), which led to demutualization of the equity market in the country. This will help in decreasing market fragmentation and create a single yet stronger platform in providing technical expertise and assistance to attract strategic partnership.

The PSX-100 posted a modest return of about 8% in FY16 despite some major macro economic improvements probably because of a significant net foreign portfolio selling of USD 28mn during the year, the post effects of Brexit and political instability. All the negativities undermined the effects of the up gradation of Pakistan to MSCI Emerging Markets from frontier Markets announced in June'16.

However, we do believe that these factors will effects the market positively for a longer term in the future and this would increase the interest and faith of the investors in the market.



## **FINANCIAL HIGHLIGHTS**

The summary of the financial results of the Company for the year ended 30 June, 2016 are as under.

	<b>2016 (Rupees)</b>	<b>2015 (Rupees)</b>
Brokerage Revenue	-	-
Dividend Income	1,209,081	673,493
Capital (Loss)/Gain on sale of investments	-	-
Gain on re-measurement of investments to fair value	13,381	18,226
(Loss) before taxation	(1,336,940)	(988,395)
Taxation-Current	(151,135)	-
-Prior	-	-
(Loss)/profit after taxation	(1,488,075)	(988,395)
(Loss)/ earnings per share-basic and diluted	(0.03)	(0.02)

### **Auditor's Observation**

The Auditors has drawn attention to note 1.3 to the accompanying financial statements which explains that the Company incurred a net loss of Rs. 1.488 million for the year ended June 30, 2016. However, as of that date, the Company's current liabilities exceeded its current assets by Rs. 238.464 million and there is a negative equity of Rs. 195.446 million. The Company is also suffering liquidity problems due to the suspension of trading. One of the banks filed a suit against the Company for the recovery of outstanding amount however the same was withdrawn after settlement agreement entered with the bank. However, during the year, the company has entered into settlement agreements with the banks to settle its outstanding liabilities through transfer of various assets of the company. Further, a formal plan to revive the Company including capital injection has not been formulated by the Board of Directors of the Company.

These events indicate that the going concern assumption used by the management; as indicated in Note 1.3 to these financial statements is not appropriate, and therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

### **Explanation with regard to afore mentioned auditors' qualification**

As narrated in note 1.3 to the financial statements, management is confident that the going concern assumption is appropriate for the reasons as stated below:

The Company incurred a net loss of Rs. 1.488 million for the year ended June 30, 2016. However, as of that date, the Company's current liabilities exceeded its current



assets by Rs. 238.464 million and there is a negative equity of Rs. 195.446 million. The Company is also suffering liquidity problems due to the suspension of trading. One of the banks filed a suit against the Company for the recovery of outstanding amount however the same was withdrawn after settlement agreement entered with the bank. However, the company has finally entered into the settlement agreements with the banks and the execution of it is in process. These financial statements have been prepared on the assumption, that the Company would continue as a going concern based on the following:

The company entered into settlement agreement with lender banks to settle outstanding liabilities towards them through transfer of various assets of the company as full and final settlement. After the transfer of the assets all the liabilities of JOVC towards the bank will be settled and will not appear in the books and will strengthen the liquidity position. To date various assets has been transferred as stated in Note 16. Remaining assets will be transferred in due course of time.

## **Future Outlook**

As the economy is moving towards some stability with projects under CPEC lined for completion, we believe it will help Pakistan improve its trading and manufacturing activities. The merger of the stock exchanges as well as Pakistan emerging in MSCI space from Frontier will turn out to be fruitful for the economy.

Keeping in mind the above improvements, the future looks quite encouraging.

## **Social Obligation**

The Company paid no donation during the year.

## **Compliance with Code of Corporate Governance**

The Directors are pleased to report compliance according to the provision of Code of Corporate Governance as stated in Statement of Compliance and confirm that:

- The Financial Statements present fairly the state of affairs of the Company, the results of its operations, Cash Flow Statement and statement of Changes in Equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- Approved Accounting Standard, as applicable in Pakistan, have been followed in preparation of financial statements.





## JAVED OMER VOHRA & COMPANY LIMITED

- The Board of directors has not appointed an individual to carry out internal audit of the Company.
- The management feels that the Company will revive from the adverse financial situation and hence as narrated in note 1.3 to the accompanying financial statements we believe that there are no significant doubts upon the Company's ability to continue as going concern.
- There has been material departure from the best practices of code of corporate governance, as stated in Statement of Compliance with Code of Corporate Governance

### Key Financial Data

Statement of key operating and financial data of last six years in summarized form is enclosed.

### Board Meetings

Three meetings of the Board of Directors was held during the year from 01 July 2015 to 30 June 2016. The attendance of directors at board meetings was as below:

NAME OF DIRECTOR	ATTENDANCE
Mr. Muhammad Bilal Vohra	4
Mrs. Ayesha Mubashir	4
Mrs. Fatima Amir	4
Mrs. Sara Faraz	4
Ms. Afshan Farooqui	1

### Appointment of Auditors

Retiring auditors M/s NAVEED ZAFAR ASHFAQ JAFFERY Chartered Accountants did not offer themselves for re-appointment at the Annual General Meeting. The Audit Committee has recommended for appointment of M/s NAVEED ZAFAR ASHFAQ JAFFERY & CO Chartered Accountants for the year ending June 30, 2017.

### Pattern of Shareholding

Statement of Pattern of Shareholding as on June 30, 2016, prepared in accordance with the requirements of Code of Corporate Governance, is annexed.



**JAVED OMER VOHRA & COMPANY LIMITED**

## **Acknowledgement**

We wish to place on record our gratitude to the valued clients, regulatory authorities, banks & financial institutions and also to the shareholders for their confidence and continued support. We also appreciate the efforts and dedication shown by the staff for the Company's affairs successfully.

**For and on behalf of Board of Directors.**

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**Muhammad Bilal Vohra**  
Chief Executive

Karachi: October 3<sup>rd</sup>, 2016

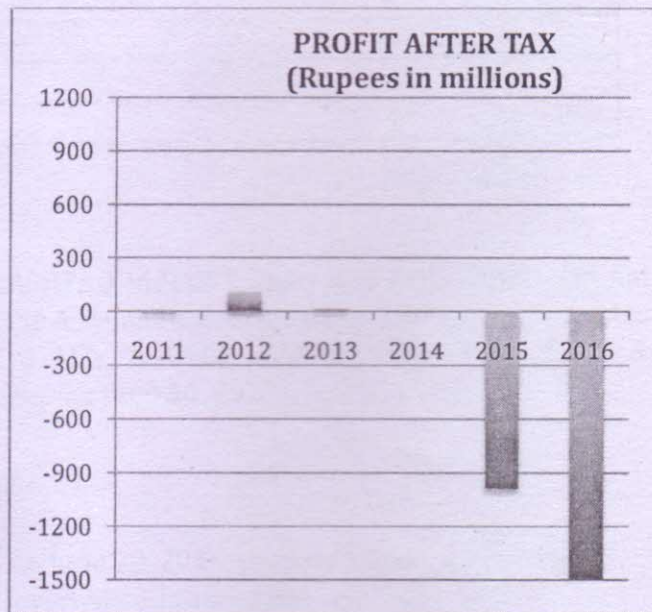
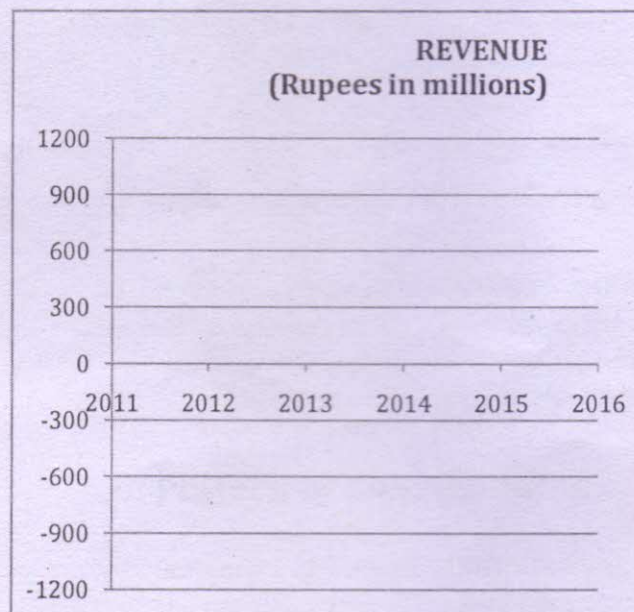
**FINANCIAL HIGHLIGHTS**

Rs. In '000

<b>OPERATING RESULTS</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Revenues	1729	0	0	0	0	0
Profit/(loss) before tax	(12,953)	113,659	17,038	(1,753)	(1,753)	(1,336)
Profit/(loss) after tax	(12,953)	113,659	17,038	(1,753)	(1,753)	(1,488)

<b>VALUATION</b>						
Earning/(loss) per share	(0.25)	2.24	0.34	(0.03)	(0.03)	(0.03)
Break-up value	(0.63)	(0.41)	(0.16)	(0.38)	(0.38)	(0.45)
<b>Dividends (%)</b>						
Cash	-	-	-	-	-	-
Bonus	-	-	-	-	-	-

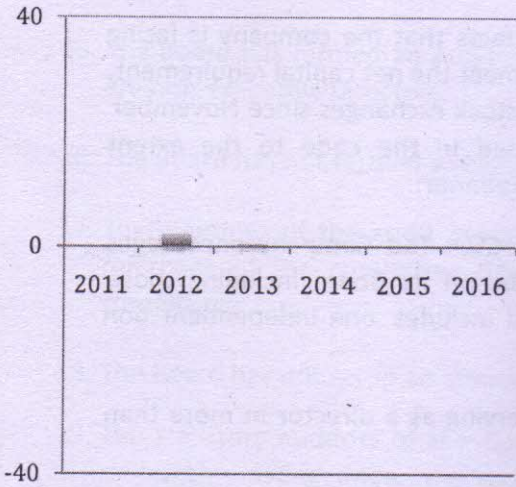
<b>FINANCIAL POSITION</b>						
Total Assets	67,913	177,110	195,785	123,493	123,493	30,972
Shareholder's equity	(321,913)	(208,254)	(191,216)	(192,970)	(192,970)	(192,970)
Shares Outstanding	50,820	50,820	50,820	50,820	50,820	50,820



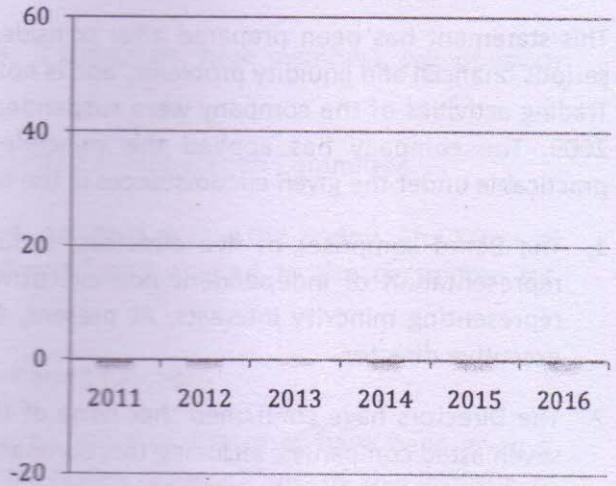


# JAVED OMER VOHRA & COMPANY LIMITED

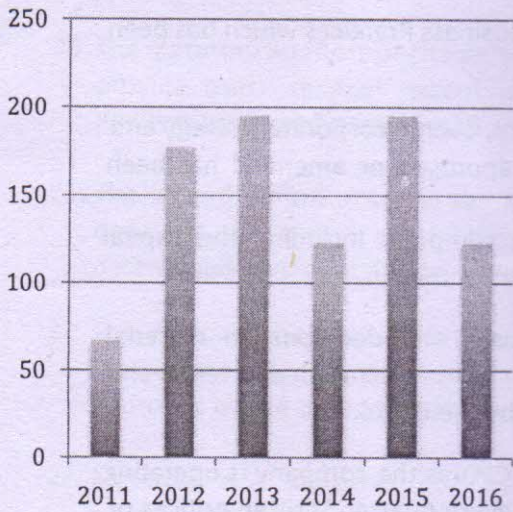
### Earnings Per Share (Rupees in millions)



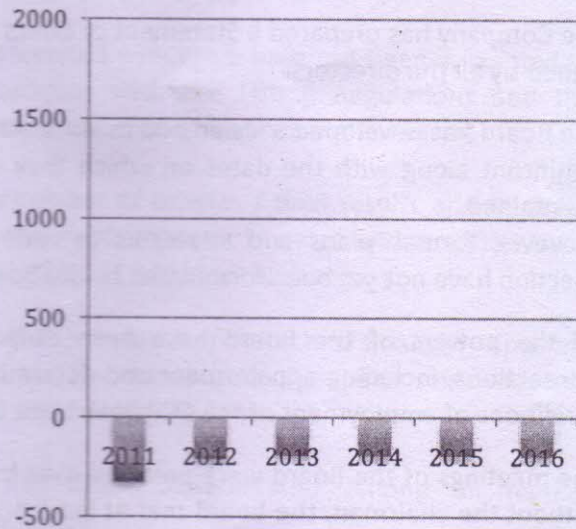
### Break up value (Rupees in millions)



### Total Assets (Rupees in millions)



### Shareholder's Equity (Rupees in millions)



## **STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2016**

This statement is being presented to comply with the Code of Corporate Governance (the "Code") contained in Clause 5.19 of the Rule Book of Pakistan Stock Exchange (formally Karachi Stock Exchange Limited) for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

This statement has been prepared after considering the facts that the company is facing serious financial and liquidity problems, and is not able to meet the net capital requirement. Trading activities of the company were suspended by the stock exchanges since November 2009. The company has applied the principles contained in the code to the extent practicable under the given circumstances in the following manner:

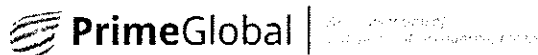
1. The Board comprises of five directors, including the CEO. The Company encourages representation of independent non-executive directors on its Board including those representing minority interests. At present, the Board includes one independent non executive director.
2. The Directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.
3. All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or being a member of a stock exchange, has been declared as a defaulter by the stock exchange.
4. No casual vacancy occurred during the period.
5. The Company has prepared a Statement of Ethics and Business Practices which has been signed by all the directors.
6. The Board has developed a vision and mission statement, overall corporate strategy and significant along with the dates on which they were approved or amended has been maintained.  
However, formal plans and strategies to revive the company including the capital injection have not yet been formulated by the Board of directors.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO have been taken by the Board.
8. The meetings of the Board were presided over by the CEO as the company is operating without the chairman, the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board did not arranged orientation courses for its directors during the financial year to apprise them of their duties and responsibilities.
10. The company is operating without CFO, Company Secretary and Head of Internal audit has been made during the year.
11. The Directors' Report for this period has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed only by the CEO before approval of the Board as currently the CFO is not employed by the company.
13. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has not complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises three members, two of which are non-executive Directors.
16. The Board has not formed a Human Resource and Remuneration Committee.
17. The meetings of the audit committee were not held during the period .The terms of reference of the committee have been formed and advised to the committee for compliance.
18. The Board has not setup an effective internal audit function.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period' prior to the announcement of interim / final results and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange.
22. The company has not complied with all the major corporate and financial reporting requirements to the code. All related parties transactions has been reviewed and approved by the Board and are carried out as per agreed terms.
23. Material/Price sensitive information has been disseminated among all market participants at once through the stock exchange.
24. We confirm that all other material principles contained in the Code have been complied with except for the matters disclosed in the above paragraphs.

**Muhammad Bilal Vohra**  
Chief Executive

Karachi:  
Date: 3-10-2016

A member firm of



**REVIEW REPORT TO THE UNIT HOLDERS ON THE STATEMENT OF COMPLIANCE  
WITH THE CODE OF CORPORATE GOVERNANCE**

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **Javed Omer Vohra & Company Limited ("the company")** for the year ended June 30, 2016 to comply with the requirements of Regulations 5.19 of the Rule Book of Pakistan Stock Exchange (formerly Karachi Stock Exchange) where the Fund is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length terms and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.


Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Management Company for the year ended June 30, 2016.

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the note/paragraph reference where these is/are stated in the Statement of Compliance:

- I. As disclosed in point 1 of the statement, the Board comprise of five directors which is violation of clause (i) of the code.
- II. As disclosed in point 8 of the statement, the company is operating without chairman of the board and all the meetings of the board were presided by the CEO which is violation of clause (vii) of the code.
- III. As disclosed in point 9 of the statement, the Board did not arranged orientation courses for its directors during the financial year to apprise them of their duties and responsibilities as required under clause (xi) of the code.
- IV. As disclosed in point 12 of the statement, the consideration has not been given by the CFO as required under clause (xxi).
- V. As disclosed in point 14 of the statement, the board of director has not complied with clause (xviii) of the code.
- VI. As disclosed in point 16 of the statement, the board of director has not complied with clause (xxv) of the code.
- VII. As disclosed in point 17 of the statement, the board of director has not complied with clause (xxvii) of the code.
- VIII. As disclosed in point 18 of the statement, the board of director has not complied with clause (xxxii) of the code

Karachi

Dated: 03 OCT 2016

  
**Naveed Zafar Ashfaq Jaffery & Co**  
Chartered Accountants



### AUDITOR'S REPORT TO THE MEMBER

We have audited the annexed balance sheet of the **Javed Omer Vohra & Company Limited** ("the company") as at June 30, 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) The accompanying financial statements have been prepared assuming that the Company will continue as a going concern, as discussed in Note 1.3 to these financial statements. As stated in the said note, the company has incurred a net loss of Rs. 1.488 million for the year ended June 30, 2016, and the company's current liabilities exceeded its current assets by Rs.238.464 million with a negative equity of Rs.195.446 million.

As mentioned in Note 1.2, the brokerage activities of the Company were suspended on 23<sup>rd</sup> November, 2009 due to inability of the Company to maintain the required net capital balance in accordance with Rule 2(d) of, and Third Schedule to the Securities and Exchange Rules, 1971 which has further resulted in severe liquidity problems and consequently the company was unable to honor its obligation, due to which a recovery suit had been filed by one of the banks for the outstanding amount including mark-up overdue since 2009. The Company had, in the past, entered into restructuring agreement with the bank which has been defaulted. In 2014 the

12/16

