



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. Naveed Ellahi Shaikh, Director of Ali Asghar Textile Mills 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.222/4(67)95 dated 15/1/2014 ("**Notice**") issued to Mr. Naveed Ellahi Shaikh ("**Respondent**"), Director of Ali Asghar Textile Mills 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 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 provision 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 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. The Respondent in response to this office letter dated 08/7/2013, filed Form 32 with this Commission on 21/08/2013. The aforementioned Form 32 showed that 8,050,000 shares of the Company were purchased by him on 27/02/2012. Thus, he was required to report the said change in beneficial ownership to the Commission on 13/03/2012, but the same was reported on 21/08/2013, with delay of 526 days, in contravention of Section 222(2)(c) of the Ordinance. The said contraventions *prima facie* attract penal provision 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".

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





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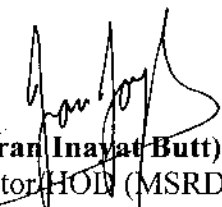
matter was fixed for 29/01/2013 at Commission's Head Office, Islamabad. But neither the Respondent nor his authorized representative attended the said hearing nor the Respondent made request for adjournment of the said hearing. However, the Respondent vide letter dated 22/01/2014 responded the matter. The submissions made by the Respondent be summarized as under:-

- a) *The return for aforesaid change in beneficial ownership was reported online within the stipulated time limited and hard copy of the return was also filed with Company Registration Office, Karachi.*
- b) *The Respondent was the under the impression that e-filing is meant for the Commission. This misunderstanding resulted in the commitment of the under discussion default.*
- c) *The default in late filing of Form 31/32 took place inadvertently.*
- d) *Subsequently the Respondent has left the Board of Directors of the Company.*
- e) *The Respondent has requested to condone the delay, with the plea that the same was committed unintentionally.*

6. I have considered the aforesaid submissions made by the Respondent. The Respondent has admitted the default of late filing of the return of beneficial ownership with the contention that said default was not committed wilfully and knowingly. The Respondent has left the Board of Directors of the Company and requested to condone the default in question, with the plea that the same was not committed intentionally. Considering the submissions made 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 wilful. 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, in future, if any.

7. 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 10, 2014.