



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. Dileep Kumar, Director of Sind Abadgar's Sugar 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. S.M(B.O)C.O.222/4(1903-C)89 dated 26/12/2013 ("**Notice**") issued to Mr. Dileep Kumar ("**Respondent**"), Director of Sind Abadgar's Sugar 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 returns of beneficial ownership on Form 31 and Form 32, within the period stipulated under Section 222 of the Ordinance. However, he failed to discharge the said obligations which attract penal provisions contained in Section 224(4) of the Ordinance.

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

*222(2)(b) "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";*

*222(2) (c) "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. Since the Respondent failed to file returns of beneficial ownership on Form 31 and Form 32 within the stipulated time period, he was, therefore asked vide this office letter dated 22/03/2013 for filing of said returns of beneficial ownership alongwith reasons for non-filing of the same within the stipulated time limit.

5. The Respondent, in response to aforesaid letter, filed Form 31 and Form 32 with this Commission on 20/06/2013. The said Form 31 showed that he acquired beneficial ownership in the Company on 24/12/2011 and 189,800 ordinary shares of the company were beneficially owned by him. Thus, he was required to file the said return with this Commission within 30 days





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of the acquisition of beneficial ownership, but the same has been filed on 20/06/2013, with delay of 514 days, in contravention of Section 222(2)(b) of the Ordinance.

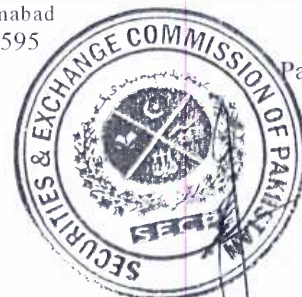
6. While, aforementioned Form 32 showed that 817,500 shares were purchased by him on 22/04/2013. He was, therefore, required to report this change in beneficial ownership latest by 07/05/2013, but the same has been reported on 20/06/2013 with delay of 44 days in contravention of Section 222(2)(c) of the Ordinance.

7. The aforesaid contraventions *prima facie* attract penal provisions contain in 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”.*

8. 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 contraventions of Section 222 of the Ordinance. Furthermore, in order to provide an opportunity of being heard in person, hearing in the matter was fixed for 16/1/2014 at Commission’s Head Office, Islamabad. The matter was responded vide letter dated 03/01/2014 by Company Secretary of the Issuer Company. Since no one appeared on the aforesaid date, the personal hearing in the matter was rescheduled on 22/01/2014. The matter was again responded on behalf of the Respondent by Company Secretary vide letter dated 09/01/2014. The Company Secretary stated that:-

- a. *The delay in filing of Form 31 and Form 32 was because of misconception that beneficial ownership applies only if a person owns more than ten percent shares of a listed company.*
- b. *The issue stands clarified upon receipt of letter from the Commission.*
- c. *Furthermore, the Form 31 and Form 32 were late, because the signatory (Respondent) remained out of country.*
- d. *It would probably not be possible to appear in person and requested to condone the delay.*



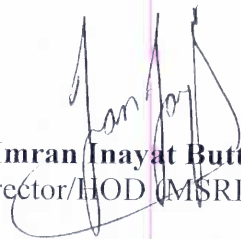


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9. I have considered the aforesaid written submissions made by the Respondent. The Respondent has admitted the default of late filing of the returns of beneficial ownership on Form 31 and Form 32 with the contention that there was misconception about the applicability of the provisions of Section 222 of the Ordinance. The assertion of the Company Secretary submitted on behalf of the Respondent has been considered and did not found it cogent, as the provisions of the Section 222 of the Ordinance are very self-explanatory. 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. 20,000/- (twenty thousand rupees only) on the Respondent.

10. 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 February 07, 2014