



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 Syeda Sitwat Mohsin, a Director of Mitchell's Fruit Farms Limited

**Date of Hearing:** 02/07/2014

**Present at Hearing:**

*Representing the Respondent:*

Mr. Muhammad Ali,  
Accounts Executive (Northern Area)  
Mitchell's Fruit Farms Limited

*Assisting the Director (SMD):*

Mr. Muhammad Farooq,  
Joint Director (SMD)

**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.222/18(1505)93 dated 05/06/2014 ("**Notice**") issued to Syeda Sitwat Mohsin ("**Respondent**"), a Director of Mitchell's Fruit Farms 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 report change in her beneficial ownership on Form 32 within the period stipulated under Section 222 of the Ordinance. However, she 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 filed Form 32 with this Commission on 03/12/2013 showing therein receipt of 271,102 bonus shares on 01/03/2013. The said change in beneficial ownership was required to be reported to the Commission latest by 16/03/2013, but the same has been reported on 13/03/2014, with delay of 362 days, in contravention of Section 222(2)(c) of the Ordinance. The said contravention *prima facie* attracts penal provision of Section 224(4) of the Ordinance, which provides as under:-





SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN  
Securities Market Division  
Market Supervision and Registration Department (MSRD)  
\*\*\*

*"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 her to explain through written reply along with documentary evidence, if any as to why action may not be taken against her 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 19/06/2014 at Commission's Head Office, Islamabad, which on the request of the Company Secretary of the Issuer Company was rescheduled for 02/07/2014. On the given date Mr. Muhammad Ali, Accounts Executive (Northern Area) of the Issuer Company ("**Authorized Representative**") appeared before me on behalf of the Respondent and *inter alia* presented written response to the Notice duly signed by the Respondent.

6. The submissions made in writing by the Respondent as well as verbally by the Authorized Representative during the course of hearing be summarized as under:-

- a) *At the time of receipt of aforementioned bonus shares, the Respondent was of the view that bonus shares are allotted to all shareholders in the same ratio and there is no change in terms of percentage of shares in the company, therefore, the receipt of bonus shares is not required to be reported to the Commission.*
- b) *The Respondent received again bonus shares in 2014. This time the Respondent sought clarification from the Commission. Pursuant to said clarification she filed two returns of beneficial ownership on Form 32 for the bonus shares received by her in March 2013 and March 2014.*
- c) *The bonus shares allotted in March 2014 were reported to the Commission within the stipulated time period. While, late filing in respect of bonus shares received in 2013 was due to different interpretation of law and was not a willful default.*

7. I have considered the aforesaid submissions made by the Respondent. The Respondent has stated that late filing of Form 32 for receipt of bonus shares was due to different interpretation of law, therefore, the same may not be considered as delayed. In order to arrive at conclusion, I have also reviewed the available record of this office which revealed that:-

- a. The Respondent is a beneficial owner/Director of the Company since 1993.





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

\*\*\*

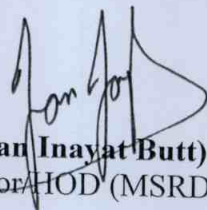
- b. Earlier, a Show Cause Notice dated 19/11/2011 had also been issued to the Respondent for late reporting of purchase and sale transactions made by her during the period from July 2009 to January 2011.
- c. The said Show Cause Notice was responded on behalf of the Respondent by Company Secretary of the Issuer Company and he *inter alia* stated that due to late reporting of transactions, the return could be filed within the stipulated time limit and requested to condone the delay.
- d. The request made by the Company Secretary was accepted and the Respondent was strictly warned vide Order dated 14/09/2011 to ensure timely compliance of section 222 of the Ordinance.

8. As per available record, the Respondent is a beneficial owner/on the Board of Directors of the Company since 1993. Hence, in my opinion, the Respondent is supposed to be well aware of her legal obligations. It is worth noted that the Respondent has already been strictly warned vide Order that 14/09/2011 to ensure timely compliance of Section 222 of the Ordinance in future. Moreover, the Respondent, in response to the said Order again assured vide letter dated 18/09/2011 that "*timely compliance of Section 222 of the Ordinance will be made in future*". Thus, the Respondent has contravened the provisions of Section 222 of the Ordinance. 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. 10,000/- (ten thousand rupees only) on the Respondent.

9. The Respondent is directed to deposit the fine in the account of the Commission being maintained in the designated branches of MCB Bank Limited within 30 days of the date of this Order and furnish Original Deposit Challan to this office.

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 July 16, 2014