



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Before the Director/HOD (MSCID)

In the matter of Show Cause Notice issued under Section 224(4) of the Companies Ordinance, 1984 to Mrs. Farah Faisal, Director of Reliance Weaving Mills Limited

Date of Hearing:

February 07, 2013

Present at Hearing:

Representing the Respondent:

Mr. Basharat Hashmi

*Company Secretary,
Air One (Pvt.) Limited*

Assisting the Director/HOD (MSCID):

Mr. Muhammad Farooq

Joint Director

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 No.S.M(B.O)C.O.222/4(4509)11 dated 20/11/2012 (“**Notice**”) issued to Mrs. Farah Faisal (“**Respondent**”), Director of Reliance Weaving 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.

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 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

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Market Supervision & Capital Issues Department (MSCID)

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. On account of scrutiny of record of this office, it was observed that the Respondent has failed to file returns of beneficial ownership on Form-31 and Form-32. The Respondent was, therefore, asked vide letter dated 21/02/2012 to file the said returns of beneficial ownership alongwith the reasons for non-filing of the same, within the period stipulated in Section 222 of the Ordinance.

5. In response to aforesaid letter, the Respondent filed the under reference returns of beneficial ownership with this Commission on 07/03/2012. The said Form 31 showed that the Respondent was on Board of Directors of the Company since 31/03/2006 and 90,000 ordinary shares of the company were beneficially owned by her. Thus, she was required to file the said return on Form-31 with this Commission latest by 30/04/2006, but the same has been filed on 07/03/2012, with delay of 2,133 days, in contravention of Section 222(2)(b) of the Ordinance.

6. While, the Form-32 shows that 22,500 bonus shares were received by the Respondent on 05/12/2006. Thus she was required to file the said return on Form-32 with the Commission latest by 20/12/2006, but the same has been filed on 07/03/2012 with delay of 1,903, in contravention of Section 222(2)(c) of the Ordinance.

7. The aforesaid contraventions of Section 222 of the Ordinance, *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 defaults and issued Notice to the Respondent under Section 224(4) of the Ordinance, calling upon her to explain through written reply alongwith documentary evidence, if any as to why action may not be taken against her pursuant to Section 224(4) of the Ordinance, for aforesaid contraventions of Section 222 of the Ordinance.

9. Furthermore, in order to provide an opportunity of being heard in person, hearing in the matter was fixed for 30/11/2012 at the Commission’s Head Office, Islamabad, which on the



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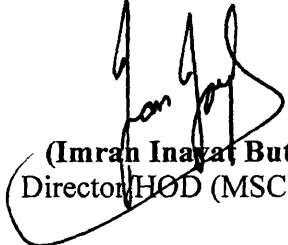
request of the Respondent was adjourned and rescheduled for 07/02/2013. On the said date, Mr. Basharat Hashmi, Company Secretary of Air One (Pvt.) Limited (“**Authorized Representative**”) appeared on behalf of the Respondent. The submissions made on behalf of the Respondent by the Authorized Representative during the course of hearing be summarized as under:-

- a) *The Respondent being a lady is not familiar with the requirements of the under reference law.*
- b) *The Form-32, for receipt of 22,500 bonus shares was filed timely with the Company Registration Office, Multan.*
- c) *The filing of the returns in question with the Commission was unconsciously overlooked.*
- d) *The Authorized Representative requested to condone the default.*
- e) *The Authorized Representative ensured that the Respondent will comply with the requirement of Section 222 of the Ordinance within the prescribed time period in future.*

10. I have considered the aforesaid submissions made on behalf of 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 willfully and knowingly. The Respondent has assured for timely filing of the returns of beneficial ownership in future and requested to condone the default in question. 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 returns of beneficial ownership may not be willful. 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.

11. 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 (MSCID)

Islamabad.
Announced on February 13, 2013