



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 Mian Muhammad Jahangir, Chief Executive of Mian Textile Industries 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 Mian Muhammad Jahangir (“**Respondent**”), Chief Executive of Mian Textile Industries 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 Chief Executive 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 required 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 failed to file return of beneficial ownership on Form 32 with this Commission as Chief Executive of Issuer Company for purchase transactions of 3,157,900 shares made on 10/07/2012. The Respondent, filed Form 32 for the said change in beneficial ownership, with this Commission on 18/03/2013 with delay of 236 days in contravention of Section 222(2)(c) of the Ordinance. The said contravention of Section 222 of the Ordinance *prima facie* attracts penal provision 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”.

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





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Ordinance. Furthermore, in order to provide an opportunity of being heard in person, hearing in the matter was fixed for 9/1/2014 at Commission's Head Office, Islamabad.

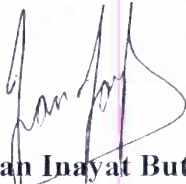
6. The matter was responded vide letter dated 02/01/2014 by the Respondent, wherein he stated that:-

- a. *The aforesaid shares were purchased from relatives instead of general public.*
- b. *The default of late filing of the return was not willful and requested to condone the delay.*
- c. *He also assured that such default will be avoided in future.*
- d. *He further stated the Commission may let him know, if any further clarification is needed".*

7. I have considered the aforesaid written submissions made by the Respondent. The Respondent has admitted the default of late filing of the return of beneficial ownership with the contention that the said default was not committed wilfully. But, the Respondent did not elucidate the circumstances on account of which, he was unable to file Form 32 for the under reference changes in beneficial ownership, within the stipulated time limit. The record of this office showed that the Respondent is Chief Executive of the Company since 1989. Thus, it is evident that the Respondent was fully aware about its liability of filing of the returns of beneficial ownership, but he failed to do so within the stipulated time period. 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. 15,000/- (fifteen thousand rupees only) on the Respondent.

8. 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