



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. Nadeem Ellahi Shaikh, Chief Executive Officer of Ali Asghar Textile Mills Limited

Date of Hearing:

January 30, 2014

Present at Hearing:

Representing the Respondent:

- (i) Mr. Nadeem Ellahi Shaikh,
- (ii) Mr. Salman
Deputy Chief Financial Officer
Ali Asghar Textile Mills Limited

Assisting the Director/HOD (MSRD):

- (i) Mr. Muhammad Farooq,
Joint Director, SECP
(Through Video Link)

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(68)95 dated 15/1/2014 ("**Notice**") issued to Mr. Nadeem Ellahi Shaikh ("**Respondent**"), Chief Executive Officer of Ali Asghar Textile Mills Limited ("**Issuer Company**").

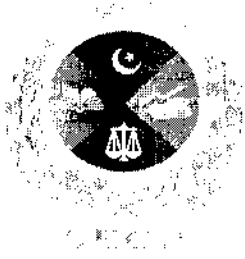
2. The facts of the matter leading up to aforesaid Notice are that the Issuer Company is a public listed company and the Respondent being its Director was required to file return of beneficial ownership on Form 32, within the period stipulated under Section 222 of the Ordinance. However, he failed to 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 8,045,375 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





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21/08/2013, with delay of 526 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:-

"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 matter was fixed for 23/01/2014 at Commission's Head Office, Islamabad, which on the request of the Respondent was adjourned and rescheduled for 30/01/2014 at Commission's Regional Office, Karachi. On the given date the Respondent appeared in person alongwith Mr. Salman, Deputy Chief Financial Officer of the Issuer Company. The submissions made by Respondent be summarized as under:-

- a) *The return for aforesaid change in beneficial ownership was reported online and hard copy of the return was also filed with Company Registration Office, Karachi.*
- b) *The Company Secretary of the Issuer Company was 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 due to misunderstanding.*
- 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 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 committed due to misunderstanding of the Company Secretary of the Issuer Company. In this regard it is pointed out that Section 222 of the



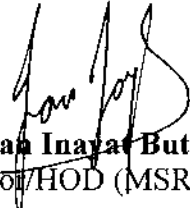


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Ordinance clearly speaks that the filing of the returns of beneficial ownership is obligation of the beneficial owner rather than Company Secretary of the issuer company. Furthermore, the record of this office showed that the Respondent is on the Board of Director/Chief Executive of the Issuer Company since 1995. Thus, it is evident that the Respondent was fully aware about his liability of filing of the returns of beneficial ownership, but he failed to do so within the stipulated time period. 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.

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.