



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
Securities Market Division
Market Supervision and Capital Issues Department

Before the Director/HOD (MSCID)

In the matter of Show Cause Notice issued under Section 224(4) of the Companies Ordinance, 1984 to Bafin (Nederlands) B.V. a beneficial owner of more than ten percent equity security of Bata Pakistan Limited

Date of Hearing:

November 30, 2012

Present at Hearing:

Representing the Respondent:

Ms. Maria Karim

Associate, Mandviwalla and Zafar, Advocates

Assisting the Director/HOD (MSCID):

Mr. Muhammad Farooq

Joint Director

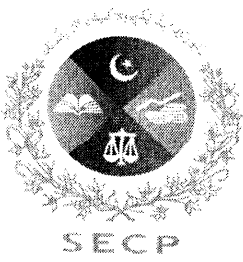
Order

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 Notice No. S.M(B.O)C.O.222/18 (14)194 dated 20/11/2012 ("**Notice**") issued to Bafin (Nederlands) B.V. ("**Respondent**"), a beneficial owner of more than ten percent equity security i.e. ordinary shares of Bata Pakistan 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 a beneficial owner of more than ten percent of its ordinary shares was required to file return of beneficial ownership on Form 32, within the period stipulated under Section 222 of the Ordinance. However, it failed to discharge the said obligation which attracts penal provisions 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. For convenience, the provisions of the said Section are reproduced hereunder:-

"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"



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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 32 for the changes taken place in its beneficial ownership during the period from July 2011 to September 2012 (“Period”). The Company Secretary of the Issuer Company was, therefore, asked vide letter dated 18/10/2012 to collect the returns of beneficial ownership from the Respondent alongwith reasons for non-filing of the same within the period stipulated in Section 222 of the Ordinance and to file the same with the Commission.

5. In response, the Company Secretary of the Company vide letter dated 30/10/2012, submitted three Form-32 with this Commission for the following changes in beneficial ownership of the Respondent:-

Sr. No.	Date	Nature	No. of Shares	Delay in Days
1.	29/07/2011	Purchase	552,245	445
2.	24/08/2011	Purchase	9,630	419
3.	21/09/2011	Purchase	891	391
4.	29/08/2012	Purchase	259,400	58
5.	30/08/2012	Purchase	328,100	47
6.	26/09/2012	Purchase	11	20

6. The aforesaid changes in beneficial ownership were reported to the Commission on 31/10/2012 with delay ranges from 20 days to 445 days, in contravention of Section 222(2)(c) of the Ordinance, which 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.”

7. The Commission took cognizance of the aforesaid default and issued Notice to the Respondent under Section 224(4) of the Ordinance, calling upon it to explain through written reply along with documentary evidence, if any as to why action may not be taken against it pursuant to Section 224(4) of the Ordinance, for aforesaid contraventions of Section 222(2)(c) of the Ordinance. Mandviwalla & Zafar Advocates (“**Authorized Representative**”) vide letter dated 28/11/2012 filed written response to the Notice on behalf of the Respondent.

8. In order to provide an opportunity of being heard in person, hearing in the matter was fixed for 30/11/2012 at Commission’s Head Office, Islamabad. On the said date, Ms. Maria



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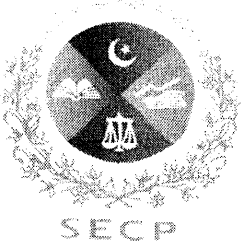
Karim Associate of the Authorized Representative appeared before me on behalf of the Respondent. The submissions made by the Respondent in writing as well as verbally during the course of personal hearing be summarized as under:-

- a) *Admittedly, there have been changes in the beneficial ownership of the Respondent.*
- b) *The Respondent is not aware of any letter from the Commission dated 18/10/2012.*
- c) *The Respondent filed the requisite returns by own motion for purchase of 259,400 shares and 328,100 shares on 10/09/2012 i.e. within the stipulated time limit. While, referring to 11 shares there is incorrect date as no shares were purchased on 26/09/2012.*
- d) *The delay if any was not intentional, but owing to the fact that the Respondent is located abroad and could not follow the process in time.*

9. I have considered the submissions made on behalf of the Respondent, specifically the claim of filing of the aforementioned returns by the Respondent by own motion within the stipulated time limit.

10. In order to check the validity of the argument, I have gone through the record of this office, which shows that the Company Secretary of the Issuer Company was intimated by the Commission vide letter dated 18/10/2012 that the Respondent has purchased 1,137,489 shares of the Issuer Company during the period from July 2011 to August 2012, but the returns of beneficial ownership have not been filed by it. Since, the Respondent is an overseas shareholder, therefore, the Company Secretary of the Issuer Company was requested to collect the returns of beneficial ownership from the Respondent and to file the same with the Commission. The Company Secretary of the Issuer Company responded vide letter dated 30/10/2012 that "*in compliance with your aforementioned letter, we have collected copies of Forms-32 from Mandviwalla & Zafar Advocates, regarding the purchases of shares made by (Netherland) B.V. in the years 2011 and 2012*". The record further indicates that Form-32 claimed to be filed by the Respondent on 10/09/2012 were in-fact submitted to the Company Registration Office, Lahore, instead of filing of the same with Head Office of the Commission. It is pointed out that pursuant to the provisions of Section 222 of the Ordinance, the returns of beneficial ownership are required to be submitted to the Registrar of Companies and the Commission.

11. In view of the foregoing discussion, it is evident that the aforementioned arguments submitted on behalf of the Respondent do not have any merit as neither the returns were filed with the Commission on 10/09/2012, nor the same were filed with the Commission by own



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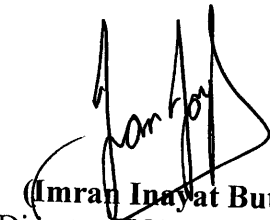
motion. Actually, the said Form-32 were filed with the Commission on 31/10/2012, by the Company Secretary of the Issuer Company in response to this office letter dated 18/10/2012, with delay ranges from 20 days to 455 days.

12. Thus, in the light of aforesaid discussion, I am of the view that the Respondent has committed the violation, as it has filed the Form-32 with the Commission on 31/10/2012, for the changes taken place in its beneficial ownership during the period from July 2011 to August 2012, with delay ranges from 47 days to 445 days. However, taking a lenient view of the default as on receipt of aforesaid letter from the Commission, the Company Secretary of the issuer collected the under reference returns from the Authorized Representative of the Respondent and filed the same with the Commission, 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 and no further fine for continuous default is imposed.

13. 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.

14. 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 January 14, 2013