



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 Ms. Khadija Qureshi, Director of Mahmood Textile Mills 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. SMD/BO/Co.222/4(1802)02 dated 30/04/2014 (“**Notice**”) issued to Ms. Khadija Qureshi (“**Respondent**”), Director of Mahmood 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 31 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)(b) of the Ordinance stipulates the period within which the Form 31 is to be submitted as under:-

*“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 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”.*

4. The Respondent in response to this office letter dated 07/02/2014, filed Form 31 with this Commission on 17/02/2014. The aforementioned Form 31 showed that the Respondent acquired beneficial ownership in the Issuer Company on 07/03/2013 and 98,935 shares were beneficially owned by her. Thus, she was required to file said Form 31 with the Commission latest by 07/04/2013, but the same has been filed on 17/02/2014, with delay of 317 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 her to explain through written

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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 19/05/2014 at Commission's Head Office, Islamabad. But neither the Respondent nor any authorized representative attended the said hearing.

6. The Respondent vide letter dated 03/05/2014 responded the matter. The submissions made by the Respondent be summarized as under:-

- a) *Due to some misunderstanding the return under reference could not filed with the Commission, within the stipulated time limit.*
- b) *The default in late filing of Form 31/32 took place inadvertently.*
- c) *The Respondent has requested to condone the delay and ensured that she will comply with the requirement of Section 222 of the Ordinance within the prescribed time period in future.*

7. I have considered the aforesaid submissions made by 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 wilfully and knowingly. The Respondent has requested to condone the default in question, with the plea that the same was not committed intentionally. 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 return 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.

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.

Islamabad.  
Announced on June 3, 2014



  
**(Amran Inayat Butt)**  
Director/HOD (MSRD)