



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 Mr. Toqueer Nawaz, Director of Shahtaj Textile Limited

Date of Hearing:

December 30, 2011

Present at Hearing:

Representing the Respondent:

*Mr. Jamil Ahmad Butt,
Company Secretary,
Shahtaj Textile Limited*

Assisting the Director/HOD (MSCID):

*Mr. Muhammad Farooq,
Joint Director (SMD)*

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(3536)10 dated 21/12/2011 ("**Notice**") issued to Mr. Toqueer Nawaz ("**Respondent**"), Director of Shahtaj Textile 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 his returns 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 provisions contained in Section 224(4) of the Ordinance.

3. Section 222 of the Ordinance deals with the submission of statements by beneficial owners of listed securities. For convenience, the provisions of the said Section are reproduced hereunder:-

(1) *Every director, chief executive, managing agent, chief accountant, secretary or auditor of a listed company who is or has been the beneficial owner of any of its equity securities, and every person who is directly or indirectly the beneficial owner of more than ten per cent of such securities, shall submit to the registrar and the Commission a return in the prescribed form containing the prescribed particulars pertaining to the beneficial ownership of such securities and notify in the prescribed form the particulars of any change in the interest aforesaid.*

(2) *The period within which the said return is to be submitted to the registrar and the Commission shall be—*



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- (a) where the person occupies the position or office specified in sub-section (1), or is a person whose interest as beneficial owner of securities requiring submission of the return as stated in the said sub-section subsists on the commencement of this Ordinance, within thirty days from such commencement;
- (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 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;
- (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; or
- (d) where the Commission by an order so requires, within such period as may be specified in such order.

4. It is worth mentioning that in order to provide an opportunity to directors/beneficial owners of listed companies to file their over due returns of beneficial ownership without facing penal action, the Commission through Notices dated 07/09/2009 and 21/09/2010 asked them to file their returns of beneficial ownership with Head Office of the Commission by 31/10/2009 and 31/10/2010 respectively and to ensure timely compliance of Section 222 of the Ordinance in future. The aforesaid Notices were sent to all listed companies and were also disseminated through stock exchanges and print media.

5. The Respondent vide letter dated 05/10/2011, filed a Form 32 with this Commission on 06/10/2011 which showed that he purchased 25,412 shares of the Company on 08/06/2011. Thus, he was required to file the said return with this Commission latest by 24/06/2011, but the same was filed with delay of 105 days, which is a contravention of Section 222(2)(c) 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".

6. The Commission accordingly 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 alongwith documentary evidence, if any as to why action may not be taken against



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him pursuant to Section 224(4) of the Ordinance, for aforesaid contravention of Section 222(2)(c) of the Ordinance.

7. Furthermore, in order to provide him an opportunity of being heard in person, hearing in the matter was fixed for 30/12/2011 at Commission's office, Karachi. On the given date, the Mr. Jamil Ahmad Butt, Company Secretary, Shahtaj Textile Limited ("**Authorized Representative**") appeared on behalf of the Respondent and stated that:-

- a) *The Respondent being cognizant of the requirement of the Companies Ordinance, 1984 has previously filed his returns of beneficial ownership on Form 31 as at 01/01/2009 as well Form 32 for subsequent change in shareholding within the prescribed time limit.*
- b) *The delay in filing of instant Form 32 for purchase of under reference shares on 08/06/2011 was on account of inadvertent error and is deeply regretted.*
- c) *The Authorized Representative requested to take lenient view of the matter and condone the delay. He assured that due care will be taken for filing of the required documents, in future.*

8. I have considered the submissions made by the Authorized Representative on behalf of the Respondent during the course of personal hearing. 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 and requested to condone it. In order to arrive at conclusion, I have also reviewed the available record which reveals that the Respondent has filed the return in questions suo motu. The record further reveals that the Respondent has earlier filed return of beneficial ownership on Form 31/32 within the stipulated time period. Considering the arguments advanced 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 as and when required in future.

9. 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 January 20, 2012




(Imran Inayat Butt)
Director/HOD (MSCID)