



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. Ahmed Shaikh, Director of (Colony) Thal Textile Mills Limited

Date of Hearing:

February 07, 2013

Present at Hearing:

Representing the Respondent:

Mr. Muhammad Younus

Advocate

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 No. S.M(B.O)C.O.222/4(678)11 dated 20/02/2012 ("**Notice**") issued to Mr. Ahmed Shaikh ("**Respondent**"), Director of (Colony) Thal 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.

3. Section 222(2)(b) of the Ordinance stipulates the period within which the Form 31 is required 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 & EXCHANGE
COMMISSION OF PAKISTAN
NIC Building, 63 Jinnah Avenue,
Islamabad, Pakistan



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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. On account of scrutiny of record of this office, it was observed that the Respondent has failed to file return of beneficial ownership on Form 31. The Respondent was, therefore, asked vide letter dated 11/01/2012 to file return of beneficial ownership on Form 31 alongwith reasons for non-filing of the same, within the period stipulated in Section 222 of the Ordinance.

5. In response to the aforesaid letter, the Respondent filed Form 31 with this Commission on 17/01/2012. The said Form 31 showed that the Respondent was on Board of Directors of the Company since 20/04/2004. Thus, the Respondent was required to file the said return with this Commission latest by 19/05/2004, but the same has been filed on 17/01/2012, with delay of 2,794 days, in contravention of Section 222(2)(b) of the Ordinance. The aforesaid contravention of Section 222 of the Ordinance, *prima facie* attracts 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”

6. 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 alongwith 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. The SCN was returned as undelivered with the remark that “consignee shifted”. Thus, the Respondent was contacted telephonically, who stated that the registered office of the Issuer Company has been changed since 15/02/2012.

7. Hence, a copy of the SCN was sent to the Respondent at the new registered address of the Issuer Company. Furthermore, in order to provide an opportunity of being heard in person, hearing in the matter was fixed for 28/05/2012 at the Commission’s Head Office, Islamabad. But, no one appeared to attend the said hearing. The personal hearing in the matter was again fixed for 26/06/2012 and the Hearing Notice in the regard was also sent at the residential address of the Respondent. In response, the Respondent vide letter dated 23/06/2012 requested for adjournment of the aforesaid hearing and for provision of a copy of the SCN. The said request vide letter dated 26/06/2012 was accepted and a copy of the SCN was provided with the directive to file written reply to the Notice. The matter was responded by the Respondent vide letter dated 05/07/2012.



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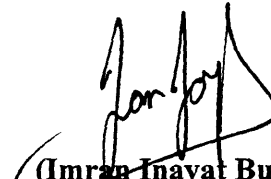
8. The matter was re-fixed for hearing on 30/11/2012, which on the request of the Respondent was adjourned again and rescheduled for 07/02/2013. On the said date, Mr. Muhammad Yuunus, Advocate (“**Authorized Representative**”) appeared on behalf of the Respondent. The submissions made by the Respondent in writing as well as verbally by the Authorized Representative during the course of hearing be summarized as under:-

- a) *The Issuer Company is a closed unit and entire staff has left the company.*
- b) *The office record and documents are not available as the Respondent is out of business since long.*
- c) *The default is unintentional and the same may kindly be condoned.*
- d) *The Authorized Representative ensured that the Respondent will comply with the requirement of Section 222 of the Ordinance within the prescribed time period in future.*

9. I have considered the aforesaid submissions made by the Respondent in writing as well verbally by the Authorized Representative during the course of 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. The Respondent has assured for timely filing of the returns of beneficial ownership in future and requested to condone the default in question. 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.

10. 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 February 13, 2013