



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. Anwar Abbas, Director of Bilal Fibres Limited

Date of Hearing: January 22, 2014

Present at Hearing:

Representing the Respondent: Mr. Gul Sher,

Assisting the Director/HOD (MSRD): Mr. Muhammad Farooq,
Joint Director, SECP

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(2498)11 dated 30/12/2013 ("**Notice**") issued to Mr. Anwar Abbas ("**Respondent**"), Director of Bilal Fibres 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 required 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 31/05/2013, filed return of beneficial ownership on Form 32 showing therein sale transaction of 161,200 shares made on 18/01/2012, with delay of 501 days, in contravention of Section 222(2)(c) of the Ordinance. The said contravention *prima facie* attracts penal provision contain in Section 224(4) of the Ordinance, which provides as under:-





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"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".

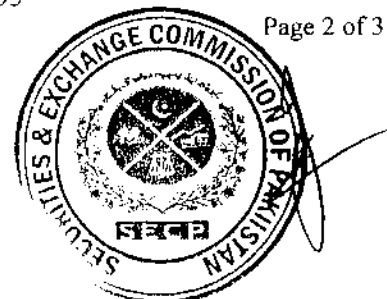
5. The Commission took cognizance of the aforesaid default and issued Notice to the Respondent under Section 224(4) of the Ordinance, calling upon him to explain through written reply along with documentary evidence, if any as to why action may not be taken against him pursuant to Section 224(4) of the Ordinance, for aforesaid contravention of Section 222 of the Ordinance.

6. In order to provide an opportunity of being heard in person, hearing in the matter was fixed for 14/01/2014 at Commission's Head Office, Islamabad, which was rescheduled for 22/01/2014. On the given date Mr. Gul Sher, (**Authorized Representative**) appeared before me on behalf of the Respondent and also filed written reply to the Notice duly signed by the Respondent. The submissions made in writing as well as verbally on behalf of the Respondent by the Authorized Representative during the course of hearing be summarized as under:-

- a) *Due to oversight, the Respondent failed to file the return for the said change in beneficial ownership within the stipulated time limit.*
- b) *The aforementioned change in beneficial ownership has been reported to Company Registration Office, Lahore.*
- c) *The omission will not be repeated in future.*
- d) *The Authorized Representative requested to condone the delay, with the plea that the same was committed unintentionally.*

7. I have considered the aforesaid submissions made by the Respondent in writing as well by the Authorized Representative verbally during the course of hearing. The Respondent has stated that *"the reason of delay in filing was just an omission, which will definitely not happen in future"*. For the purpose of arriving at conclusion, I have reviewed the record of this office, which reveals that:-

- (i) The Respondent became Director of the Company on 28/12/2010. Thus, he was required to file his first return of beneficial ownership on Form-31, within 30 days of occupying the position of Director in the Company. But, the said return was filed by him with the Commission on 20/04/2011, in response to this office letter dated 14/04/2011.





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- (ii) The Respondent, on account of aforesaid late filing of Form 31 was strictly warned vide letter dated 31/05/2011 to ensure timely compliance of Section 222 of the Ordinance, in future.
- (iii) The Form 32 for aforementioned change in beneficial ownership has been submitted to the Commission as well as the Company Registration Office after the receipt of this office letter.

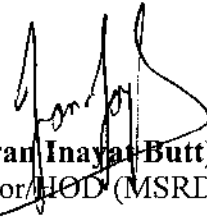
8. In view of the foregoing, it is evident that since occupying the position of Director in Issuer Company, the aforementioned returns of beneficial ownership have been filed by the Respondent upon receiving letters from the Commission. More importantly, the Respondent has already been warned through letter dated 31/05/2011, for strictly compliance of Section 222 of the Ordinance in future.

9. Thus, in the light of aforesaid discussion, 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 limit. In my opinion, the Respondent has contravened the provisions of Section 222 of the Ordinance despite having knowledge of the requirement of the law. However, on receipt of aforesaid letter from the Commission, he has filed the Form 32. 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 and no further fine for continuous default is imposed.

10. 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.

11. 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 February 26, 2014