



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
Securities Market Division
Market Supervision and Registration Department (MSRD)

Before the Director/HOD (MSRD)

In the matter of Show Cause Notice issued under Section 224(4) of the Companies Ordinance, 1984 to Mr. Mustafa Ali Tariq, Director of Husein Sugar Mills Limited

Date of Hearing:

January 22, 2014

Present at Hearing:

Representing the Respondent:

*Mr. Rizwan Bashir Sheikh,
Managing Partner,
Rizwan and Company,
Chartered Accountants*

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 No. SMD/BOW/222/8(536)2013 dated 30/12/2013 ("**Notice**") issued to Mr. Mustafa Ali Tariq ("**Respondent**"), Director of Husein Sugar Mills Limited ("**Issuer Company**").

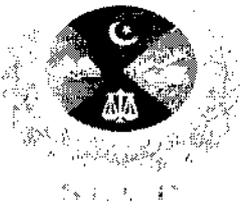
2. The facts of the matter leading up to aforesaid Notice are that the Issuer Company is a public listed company and the Respondent being its Director was required to file return of beneficial ownership on Form 31, within the period stipulated under Section 222 of the Ordinance. However, he failed to 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:-

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"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 21/03/2013, filed Form 31 with this Commission on 01/04/2013. The said Form showed that he acquired beneficial ownership in the Company on 10/02/2011 and 1,703,789 ordinary shares of the company were beneficially owned by him. Thus, he was required to file the said return with this Commission latest by 12/03/2011, but the same was filed on 01/04/2013, with delay of 750 days, in contravention of Section 222 of the Ordinance. The said contravention 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 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.

6. Furthermore, in order to provide an opportunity of being heard in person, hearing in the matter was fixed on 14/01/2014 at the Commission's Head Office, Islamabad, which was rescheduled on 22/01/2014. On the said date, Mr. Rizwan Bashir, Managing Partner of Rizwan and Company, Chartered Accountants ("**Authorized Representative**") appeared on behalf of the Respondent and filed written reply to the Notice. 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) *Late filing of the return of beneficial ownership on Form 31 with the Commission was not willful.*
- b) *The Form31 was filed with Company Registration Office, Lahore with two times additional filing fee.*





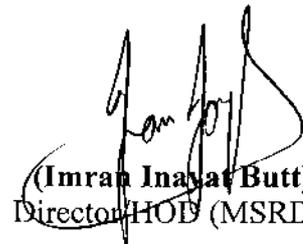
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- c) *The default is unintentional and the same may kindly be condoned.*
- d) *The Authorized Representative ensured that the Respondent will comply with the requirement of Section 222 of the Ordinance within the prescribed time period in future.*

7. I have considered the aforesaid written submissions made by the Respondent. The Respondent has admitted the default of late filing of the return. He also stated that the aforesaid return was filed with the Company Registration Office, Lahore with two times additional fee. In this regard attention is invited to Section 222 of the Ordinances, which explicitly describes that the returns of beneficial ownership are required to be filed separately with the respective Company Registration Office and the Commission (Head Office). Besides it is worth mentioning that additional filing fee is required to be paid in terms of Section 469 of the Ordinance for acceptance of documents filed with the registrar after the expiry of the stipulated time limit. Thus, payment of the said additional filing fee does not absolve the Respondent from the aforesaid default. In my opinion, the Respondent has contravened the provisions of Section 222 of the Ordinance. Hence, in the light of aforesaid discussion, I am of the view that the Respondent has committed the violation. However, 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. 20,000/- (twenty thousand rupees only) on the Respondent.

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.




(Imran Inayat Butt)
Director/HOD (MSRD)

Islamabad.
Announced on February 28, 2014.