



# SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Before Tariq Hussain, Director (Enforcement)

Order in the matter of

Mr. Khalid Bashir, Director Suraj Cotton Mills Limited

Number & Date of the Show Cause Notice:	EMD/233/285/2002- 1191 dated December 12, 2008
Hearing Date	January 20, 2009

## ORDER

### Under Section 187 Read with Section 189 and Section 476 of the Companies Ordinance, 1984

This order shall dispose of the proceedings initiated against Mr. Khalid Bashir, a director of Suraj Cotton Mills Limited (the "Company"), through show cause notice dated December 12, 2008 under the provisions of section 187 read with section 189 and section 476 of the Companies Ordinance 1984 (the "Ordinance").

2. The facts leading to this case, briefly stated, are that examination of the relevant records maintained by the Securities and Exchange Commission of Pakistan, (the "Commission") revealed that Mr. Khalid Bashir, director of the Company, which is a listed company with its shares quoted on Karachi Stock Exchange, was also an individual member of Lahore Stock Exchange.

3. As directorship of Mr. Khalid Bashir in the Company while he was also a member of exchange, *prima facie*, in violation of proviso of clause (j) of section 187 of the Ordinance, therefore, a show cause notice in terms of section 187 read with section 189 and section 476 of the Ordinance was issued on December 12, 2008, to the concerned director requiring to explain as to why a penalty in terms of section 189 of the Ordinance may not be imposed on him.

4. The above show cause notice was replied by Mr. Khalid Bashir vide letter dated December 29, 2008, in which he argued that although he was a member of Lahore Stock Exchange, however, he was not engaged in the business of brokerage. Therefore, the proviso (j) of section 187 of the Ordinance was not applicable in his case.

5. Subsequently, a hearing in the matter was held on January 20, 2009, and Mr. Farooq Ahmed, the Company Secretary of the Company represented on behalf of Mr. Khalid Bashir. During the hearing the authorized representative informed that Mr. Khalid Bashir had obtained the membership of Lahore Stock Exchange for the purpose of investment and he was not engaged in the business of brokerage. The authorized representative was required to provide an evidence in this regard. Mr. Farooq Ahmed vide letter dated January 27, 2009 submitted a letter from Lahore Stock Exchange dated January 27, 2009, which stated:

NIC Building, 63 Jinnah Avenue, Islamabad.

PABX: 9207091-4 Fax 9218592 & 9204915 E-mail: webmaster@secp.gov.pk Website: www.secp.gov.pk



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN  
Enforcement Department

Continuation Sheet - 1

"This is to certify that Mian Khalid Bashir, membership code # 9 is an individual member of Lahore Stock Exchange (Guarantee) Limited since June 27, 1992. He is a non-active member of Lahore Stock Exchange from July 1998 onwards."

6. I have gone through the facts of the case, relevant provisions of the Ordinance and submissions made by the authorized representative. I feel it appropriate to advert to the relevant provisions of the Ordinance, Clause (j) of section 187 of the Ordinance, as amended through Finance Act, 2008 with effect from July 1, 2008, provides as under:

*"No person shall be appointed as a director of a listed company if he is engaged in the business of brokerage, or is a spouse of such person or is a sponsor, director or officer of a corporate brokerage house."*

7. It transpires from the above that the amended proviso of section 187(j) has, *inter alia*, prohibited sponsors, directors and officers of brokerage houses from becoming directors of listed companies. Taking a lenient view, in the matter, I warn Mr. Khalid Bashir, that the day he engages in the business of brokerage, he becomes disqualified from being a director of a listed company, and therefore, he must ensure meticulous compliance with relevant provisions of the Ordinance.

  
Tariq Hussain  
Director (Enforcement)

Announced:  
April 8, 2009