



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
Company Law Division
(Corporatization and Compliance Department)

No.CLD/CCD/650/18/2013 -4013

Islamabad the March 15, 2013

✓ Syed Adil Gilani,
Adviser,
Transparency International-Pakistan,
5-C, 2nd Floor, Khayaban-e-Ittehad,
Phase VII, Defence Housing Authority,
Karachi.

Subject: - YOUR LETTERS DATED 21 FEBRUARY 2013 & 16 FEBRUARY 2013 & E-MAIL DATED 22 FEBRUARY 2013

Dear Sir,

This refers to the captioned subject.

2. The Commission acknowledges the unassailable efforts of TIP in highlighting cases of public and national importance to the regulators for taking remedial actions. However, in the subject case, it is intimated that the housing and real estate sector doesn't fall within the statutory and regulatory ambit of this Commission in view of the following reasons:

- i. The Fourth Schedule of the Constitution of the Islamic Republic of Pakistan, 1973 contains the legislative lists. The subject of housing and real estate development is not covered in the Federal Legislative List and therefore falls within the Provincial domain of legislation. Further, each province has laws and machinery for the regulation of the real estate sector;

- ii. The registration, regulation and monitoring of housing schemes, being a provincial subject is presently undertaken by the concerned developmental authorities and tehsil and town municipal administrations. Such authorities are responsible for taking cognizance of the defaults committed by the sponsors whose housing schemes have been approved by them;
- iii. The approval of a housing scheme involves many technical and engineering aspects including geological and geotechnical assessment, topographical studies, provision of infrastructure and utility services, development zoning, site accessibility, etc. for which expertise and knowhow is not available with the Commission. These are entrusted to the concerned development and municipal administrations, which after assessing the technical feasibility of a schemes, approve the layout/developmental plan and grant licence/NOC for launch of any housing scheme.

3. As regards the real estate sector, the Commission is only entrusted to the extent of regulating the business activities of companies offering housing finance services and the Real Estate Investment Trusts (REITs), by virtue of the provisions of the Non-Banking Finance Companies Rules, 2003 and the Real Estate Investment Trust Regulations, 2008, respectively, read with section 282A of the Companies Ordinance, 1984 (the 'Ordinance').

4. Similarly, tax evasion matter, matter of advertisement of real estate project as well as the press releases given by M/s Bahria Town (Private) Limited regarding its real estate projects do not fall under the purview of this Commission.

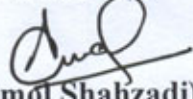
5. As far as the matter relating to action under section 230 as well as 305 of the Ordinance are concerned it is intimated that this office has initiated off-site examination

of annual audited accounts of the Company and this process is time consuming. Hence, action against the Company under above referred provisions will be dependent upon the findings of the off-site examination of annual accounts (Reference SECP earlier letter to TIP dated 20 December 2012 (copy attached)).

6. As regards, misstatement by M/s Bahria Town (Private) Limited pertaining to its Margala Enclave Project, an aggregate penalty of Rs 1 Million was imposed vide order dated 12 March 2012 for mis-statement under section 492 of the Ordinance. The said order is challenged in appeal by the Company in Honorable Islamabad High Court which is pending adjudication.

7. It is assured that the Commission will initiate immediate action against M/s Bahria Town (Private) Limited as and when any violations of the Ordinance and the rules/regulations framed under it is found.

Yours truly,


(Anmol Shahzadi)
Deputy Registrar

Copy to;

Mr. Naveed Akhtar Sheikh, Section Officer (Inv-II), Finance Division in response to his letters dated 22 February 2013 and 28 February 2013.



Through Fax & Courier

No. EMD/242/1/05/09 - 421

December 20, 2012

Mr. Syed Adil Gilani,
Advisor,
Transparency International Pakistan,
5-C, 2nd Floor, Khayaban-e-Ittehad, Phase VII, DHA,
Karachi.
Phone: 021-35390408-9
Fax: 021-35390410

Subject: Bahria Town (Pvt.) Limited

Dear Sir,

I refer to your letter dated December 17, 2012 on the above noted subject.

The Securities and Exchange Commission of Pakistan ("SECP") being a progressive and efficient regulatory agency strives for protection of the interests of shareholders and other stakeholders with a view to promoting good governance in the corporate sector and capital market of Pakistan. The SECP achieves its goals and objectives through responsive policy measures and effective enforcement practices.

2. As you are already aware, the SECP had adjudicated on the violation committed by Bahria Town (Pvt.) Limited ("the Company") with regard to misstatement in respect of information submitted to this Commission pertaining to their Margala Enclave Project. An aggregate penalty of Rs. 1.0 million on the management was imposed vide Order dated March 12, 2012. The Commission has also issued a show cause notice under section 495 of the Companies Ordinance, 1984 to the management of Bahria Town (Pvt.) limited for non-compliance with the directives issued by the Commission vide the aforesaid Order.

3. We would also like to bring to your notice that in the meanwhile SECP had initiated off-site examination of the annual audited accounts (the "Accounts") of the Company for the years ended 30.6.2009, 30.6.2010 and 30.6.2011. The Company has been directed vide letters dated 13.6.2012, 20.6.2012 and 2.11.2012 to furnish certain information/evidence of compliance with various provisions of the Companies Ordinance, 1984 and Rules made there-under. The process of off-site examination is time-consuming and involves scrutiny of a large quantum of information with supporting documents in order to evaluate the authenticity of the transactions for identifying any non-compliance. Further course of action will be decided on the basis of the findings of the analysis conducted as aforesaid on merit.

4. As regards the matter of tax evasion raised in your letter, the Federal Board of Revenue ("FBR") holds the mandate to take cognizance. However, SECP will extend all possible support to FBR in probing the anomalies detected in the Accounts and other record of the Company filed with SECP and FBR, as given in the findings of the 'One-Man Inquiry Commission's Report'. In the event violations of the Companies Ordinance, 1984 are noted necessary action will be initiated.

Yours truly,

(Bilal Rasul)

Director (Enforcement)/
Additional Registrar of Companies

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