

Before Amir M. Khan Afridi, Director/HOD (Adjudication-I)

In the matter of Show Cause Notice issued to Ghani Chemical Industries Limited

Dates of Hearing

May 23, 2022

**Order-Redacted Version**

Order dated June 29, 2022 was passed by Director/Head of Department (Adjudication-I) in the matter of Ghani Chemical Industries Limited. Relevant details are given as hereunder:

<b>Nature</b>	<b>Details</b>
1. Date of Action	Show cause notice dated May 11, 2022.
2. Name of Respondent	Ghani Chemical Industries Limited (the Respondent and/ or the Acquirer)
3. Nature of Offence	Alleged contraventions of <u>regulations 4(2) of the Listed (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2017 (the Regulations) and Section 110(1) of the Securities Act, 2015 (the Act) read with Section 126 of the Act.</u>
4. Action Taken	<p>Key findings were reported in the following manner:</p> <p>In terms of regulation 4(2) of the Regulations read with Section 110(1) of the Act the Acquirer was required to disclose its shareholding/ acquisition in the form and manner as prescribed in Schedule III of the Regulations, to the Target Company, PSX, and the Commission within two working days of such acquisition. The Respondent became substantial shareholder of the Target Company on December 02, 2021. As per the public announcement of PSX dated December 06, 2021, the Acquirer purchased 22,800,000 (9.12%) voting shares of the Target Company on December 02, 2021 subsequent to which the total shareholding of the Acquirer in the Target Company reached 39,800,000 in voting shares of the company i.e. 15.93% of the total issued voting shares of the Target Company. Therefore, the Respondent failed to comply with the requirement of Section 110(1) of the Act and Regulation 4(2) of the Takeover Regulations.</p> <p>Keeping in view the aforesaid, it is stated that since contravention of Section 110 of the Act and regulation 4(2) of the Regulations is established and conceded, which attracts imposition of penalty, under Section 126(3)(c) of the Act, however, keeping in view the</p>

	<p>fact that the holding company of the Respondent already made disclosure of material information with respect to the aforesaid purchase of shares on December 03, 2021 i.e. after one (1) day of the purchase of voting shares in the Target Company and that the Company admitted its default and has also subsequently filed the disclosure or acquisition of more than 10% on Schedule III as prescribed under the Act and the Regulations, therefore, in terms of the powers conferred under Section 126(3)(c) of the Act, hereby concluded the proceedings initiated through the SCN without imposing any monetary penalty. The Respondent, is however, warned to ensure compliance with all the applicable regulatory requirements including Section 110 of the Act and the Regulations in letter and spirit, in future.</p>
5. Penalty Imposed	Warning
6. Current Status of Order	No Appeal has been filed by the respondents.