



# SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

## Before the Director/HOD (MSCID)

In the matter of Show Cause Notice issued under Section 224(4) of the Companies Ordinance, 1984 to Mr. Abdur Rafique Khan, Director of Gharibwal Cement Limited

**Date of Hearing:**

February 22, 2012

**Present at Hearing:**

*Representing the Respondent:*

Mr. Ashfaq Ahmed Khan,  
Corporate Consultant,  
Ashfaq A. Khan & Associates

*Assisting the Director/HOD (MSCID):*

Mr. Muhammad Farooq,  
Joint Director (SMD)

### 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.222/9(39)92 dated 11/01/2012 ("**Notice**") issued to Mr. Abdur Rafique Khan ("**Respondent**"), Director of Gharibwal Cement 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 change in his 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 provisions 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. For convenience, the provisions of the said Section are reproduced hereunder:-

*"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. It is worth mentioning that in order to provide an opportunity to directors/beneficial owners of listed companies to file their over due returns of beneficial ownership without facing penal action, the Commission through Notices dated 07/09/2009 and 21/09/2010 asked them to file their returns of beneficial ownership with Head Office of the Commission by 31/10/2009 and 31/10/2010 respectively and to ensure timely compliance of Section 222 of the Ordinance in



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future. The aforesaid Notices were sent to all listed companies and were also disseminated through stock exchanges and print media.

5. On account of scrutiny of record of this office, it was observed that the Respondent has failed to file return of change in beneficial ownership on Form 32. The Respondent was, therefore, asked vide letter dated 26/05/2011 followed by a reminder dated 19/08/2011 to file returns of beneficial ownership on Form 32 alongwith reasons for non-filing of the same, within the period stipulated in Section 222 of the Ordinance.

6. The Respondent filed the Form 32 with this Commission on 18/10/2011 which showed that 62,380,325 other than right shares were acquired by the Respondent on 31/12/2010. Thus, the Respondent was required to file the Form 32 with this Commission latest by 15/01/2011, but the same was filed on 12/09/2011, with delay of 234 days, in contravention of Section 222(2)(c) of the Ordinance. The said contravention attracts penal provisions 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"*

7. 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(2)(c) of the Ordinance. The Company Secretary of the Issuer Company vide letter dated 20/01/2012 filed written reply to the Notice on behalf of the Respondent.

8. Furthermore, in order to provide an opportunity of being heard in person, hearing in the matter was fixed for 24/01/2012 at Commission's Head Office, Islamabad, which on request of Company Secretary of the Issuer Company was adjourned and re-fixed for 22/02/2012. On the given date, Mr. Ashfaq Ahmed Khan ("**Authorized Representative**") appeared before me on behalf of the Respondent. The submissions made on behalf of the Respondent by Company Secretary in writing as well as verbally by the Authorized Representative during the course of hearing be summarized as under:-

- a) *The Respondent has not traded in the shares in open market and the change in his beneficial ownership was only because of issuance of other than right shares by the Issuer Company under Section 86 of the Ordinance.*
- b) *The Reply could not be filed promptly because the Respondent was out of country.*



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- c) Due to liquidity position of the company, misunderstanding as well as oversight the return under reference could not be filed within the stipulated time limit.
- d) The delay in submission of the return of beneficial ownership was not willful.
- e) 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.

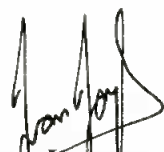
9. I have considered written submissions made on behalf of the Respondent as well as the verbal arguments advanced by the Authorized Representative during the course of personal hearing and examined documents available on record.

10. In reference to the contention raised on behalf of the Respondent that *inter alia* due to liquidity crunch of the Issuer Company the return could not be filed in time it is clarified that filing of returns of beneficial ownership is responsibility of the beneficial owner instead of the company, therefore, the disputation does not have any significance.

11. The Respondent has admitted the default of late filing of the return of beneficial ownership with the contention that said default was not committed willfully and knowingly. The Respondent has assured for timely filing of the returns of beneficial ownership in future and requested to condone the default in question. In order to arrive at conclusion, I have also reviewed the available record which reveals that the Respondent till January 2008 filed returns of beneficial ownership regularly. Considering the arguments advanced on behalf of the Respondent, I intend to agree with the contention of the Respondent and of the view that the late filing of the under reference return of beneficial ownership may not be willful. Therefore, a lenient view of the matter has been taken and the Respondent is hereby strictly warned to ensure timely compliance of Section 222 of the Ordinance in future.

12. 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.

Islamabad.  
Announced on March 19, 2012

  
(Imran Inayat Butt)  
Director HOD (MSCID)

