



# SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

## Adjudication Department-I

### Adjudication Division

Before

Shahzad Afzal Khan - Director/Head of Department  
Adjudication Department-I

*In the matter of*

Hallmark Company Limited

Show Cause Notice No. & Date: CSD/ARN/412/2016-162 dated June 19, 2023

Hearing Dates: July 26, 2023, September 7, 2023, September 25, 2023,  
November 15, 2023, December 7, 2023 & December 20, 2023

Present: Mr. S. M. Suhail

### ORDER

**UNDER SECTION 227(2) OF THE COMPANIES ACT, 2017 READ WITH CLAUSE 4  
OF THE COMPANIES (GENERAL PROVISIONS AND FORMS) REGULATIONS,  
2018**

This Order shall dispose of the proceedings initiated against the Board of Directors, including the Chief Executive (collectively referred to as the **Respondents**) of Hallmark Company Limited (the **Company**), through Show Cause Notice dated June 19, 2023 (the **SCN**) issued under Section 227(2) of the Companies Act, 2017 (the **Act**) read with Clause 4 of the Companies (General Provisions and Forms) Regulations, 2018 (the **Regulations**).

2. Brief facts of the case are that, review of annual audited financial statements for the Financial Year (FY) ended June 30, 2022 (**Accounts 2022**) transpired that the Company failed to provide its pattern of shareholding as per the prescribed format provided in Form 34 of the Regulations read with Section 227(2)(f) of the Act.

3. Consequently, the Securities and Exchange Commission of Pakistan (the **Commission**) vide letter dated November 16, 2022 sought clarification from the Company with respect to the afore-referred violation, in response to which the Company submitted the following through its letter dated February 9, 2023:

*"We understand the importance of compliance with the regulations set forth by the Securities and Exchange Commission of Pakistan (SECP) and any inconvenience caused. We assure you that we have taken the necessary steps to correct the representation of our shareholding pattern and ensure that our documentation of shareholders and their ownership stake, conforms to the prescribed format of Form 34 in Section 227 of the Companies Act 2017 for our next submission. We are committed to maintaining the highest standards of compliance."*



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4. In view thereof, the SCN was issued to the Respondents to show cause in writing, as to why penalty may not be imposed on the Company's Board of Directors for contravening the afore-referred provisions of law.

5. Subsequently, to provide opportunity of personal representation, hearing in the matter was fixed for July 26, 2023, however, the Respondents failed to appear to present their case. Later on, additional hearing opportunities were provided for September 7, 2023, September 25, 2023, November 15, 2023 and December 7, 2023, yet again no one appeared.

6. Nonetheless, in order to provide a final opportunity to the Respondents to present the case, hearing was re-scheduled for December 20, 2023, wherein Mr. S. M. Suhail, appeared on behalf of the respondents as their Authorized Representative and reiterated that:

- The Pattern of Shareholding, as prescribed under Form 34 was inadvertently omitted.
- The Board acknowledges the omission and requests for a lenient view in the matter.

7. Subsequent to the hearing opportunity, the Authorized Representative also submitted the response vide letter dated December 20, 2023 and reiterated the submissions with the assurance of submitting the omitted pattern of shareholding in the prescribed Form 34, as well as, with the request for a lenient view in the matter.

8. Relevant provisions of the law are reproduced as follows:

**Sub-section (2)(f) of Section 227 of the Act entails:**

*Contents of directors' report and statement of compliance. -*

*(2) In the case of a public company or a private company which is a subsidiary of a public company, the directors report, in addition to the matters specified in sub-section (1) must state:*

*(f) information about the pattern of holding of the shares in the form specified.*

Clause 4 of the Regulations state that:

*Forms and Returns. - Pursuant to the provision of section 506 of the Act, formats of following forms and returns are specified which shall be used in all matters to which those forms and returns refer:*

Name of Form	Description	Relevant Section/Regulation
Form 34	Pattern of Shareholding	Section 227(2)(f)

2<sup>nd</sup> Floor, NIC Building, 63 Jinnah Avenue, Islamabad, Pakistan

PABX: +92-51-9207091-94 FAX: +92-51-9100477 website: [www.secp.gov.pk](http://www.secp.gov.pk) Email: [adi.listedcompanies@secp.gov.pk](mailto:adi.listedcompanies@secp.gov.pk)



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**Sub-section (6) of Section 227 of the Act stipulates that:**

*"Whoever contravenes any of the provisions of this section shall: —*

*(a) in respect of a listed company, be punishable with penalty of level 2 on the standard scale; and"*

9. I have gone through the facts of the case and considered both the written and verbal submission of the Representatives in light of the relevant provisions of law and state that the requirements of Section 227 are explicit. The Authorized Representative admitted the omission and acknowledged non-compliance of Section 227 of the Act. The Authorized Representative further stated that the non-compliance was not willful and assured that the same will not be repeated in future, therefore, requested to condone the inadvertent omission. Subsequently, the Authorized Representative also vide email dated December 26, 2023 assured that compliance to the requirements of Section 227 of the Act has been made as directed during the proceedings of the hearing opportunity.

10. The inclusion of the shareholding pattern in the Directors' Report is of paramount importance as it serves as a cornerstone of transparency and accountability in corporate governance. This disclosure provides a comprehensive snapshot of the company's ownership structure, offering insights into the distribution of shares among various stakeholders. The shareholding pattern in the Directors' Report is a key element in fostering an environment of openness, facilitating informed decision-making, and contributing to the overall integrity of the corporate reporting process.

11. Keeping in view the above, it is stated that the contravention of the provisions of Section 227 of the Act, at the relevant point of time, has been established and the same has been admitted. However, keeping in view the assurance of compliance in future by the Company, I hereby conclude the proceeding initiated through the SCN by imposing penalty of **Rs. 175,000/- (Rupee One Hundred Seventy-Five Thousand Only)** on the Respondents in the following manner:

S. No.	Name of the Respondents	Penalty (Rs.)
1.	Ms. Wanda Dolores Fajardo - Chairman	25,000
2.	Mr. Irtaza Zafar Sheikh - Chief Executive	25,000
3.	Mr. Muhammad Ashfaq - Director	25,000
4.	Mr. Jawad Rauf - Director	25,000
5.	Ms. Medina Zafar Sheikh - Director	25,000
6.	Mr. Kamran Ahmed - Director	25,000
7.	Mr. Owais Ali Khan - Director	25,000
<b>Total</b>		<b>175,000</b>



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12. The aforesaid fines must be deposited in the designated bank account maintained with MCB Bank Limited/United Bank Limited in the name of the *Securities and Exchange Commission of Pakistan* within thirty days of the date of this order and furnish receipted bank vouchers to the Commission. In case of non-deposit of the said penalty, proceedings under Section 485 of the Act will be initiated for recovery of the same as arrears of land revenue.

13. Nothing in this Order may be deemed to prejudice the operation of any provisions of the Act providing for imposition of penalties on the Company and its Board in respect of any default, omission or violation thereof.

**Shahzad Afzal Khan**  
Director / Head of Department  
Adjudication Department-I

**Announced:**

Dated: December 29, 2023

**Islamabad**