



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN  
Securities Market Division  
Market Supervision and Registration Department (MSRD)

**Before the Director/HOD (MSRD)**

In the matter of Show Cause Notice issued under Section 224(4) of the Companies Ordinance, 1984 to Mrs. Ghazala Amjad, Director of Kohat Cement Company Limited

***Date of Hearing:***

***Present at Hearing:***

*January 28, 2014*

*Representing the Respondent:*

*Mr. M. Javed Panni,  
Chief Executive,  
MJ Panni and Associates*

*Assisting the Director/HOD (MSRD):*

*Mr. Muhammad Farooq,  
Joint Director, SECP*

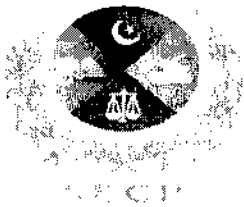
**Order**

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 No. SMD/BO/Co.222/19(353)05 dated 26/12/2013 (“**Notice**”) issued to Mrs. Ghazala Amjad (“**Respondent**”), Director of Kohat Cement Company 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 returns of beneficial ownership on Form 31 and Form 32, within the period stipulated under Section 222 of the Ordinance. However, she failed to discharge the said obligations which attract penal provision contained in Section 224(4) of the Ordinance.

3. Section 222(2)(b) and Section 222(2)(c) of the Ordinance stipulate the period within which the Form 31 and Form 32 respectively are required to be submitted as under:-





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222(2)(b) "in any other case, including a case where the company is listed on the stock exchange after the commencement of this Ordinance or after the person has occupied the position or office specified in sub-section (1) or has acquired interest as beneficial owner of securities as aforesaid, within thirty days of occupying the office in the company or acquisition of interest as beneficial owner requiring submission of the return aforesaid or listing of the company on the stock exchange, as the case may be";

222(2) (c) "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. The Respondent, in response to correspondence exchanged with her latest being dated 12/03/2013, filed Form 31 with this Commission on 25/03/2013. The said Form showed that she acquired beneficial ownership in the Company in 1992 and 946,971 ordinary shares (299,714 self, 647,257 spouse) were beneficially owned by her. Thus, she was required to file the said return with this Commission within 30 days of the acquisition of beneficial ownership, but the same has been filed on 25/03/2013, with delay of 7,724 days, in contravention of Section 222(2)(b) of the Ordinance.

5. The Respondent in aforementioned Form 32 reported the following changes in beneficial ownership, with the delay as mentioned against each:-

Sr. No.	*Date	No. of Shares	Nature of Change	Delay in Days
1	1/1/1993	710,229	Bonus	7,373
2	1/1/2001	633,300	Purchase	4,451
3	1/1/2002	348,300	Purchase	4,086
4	1/1/2003	1,319,400	Bonus	3,721
5	1/1/2004	1,977,325	Bonus	3,356
6	1/1/2005	2,967,863	Bonus	2,990
7	1/1/2006	1,475,133	Right share	2,625
8	1/1/2006	1,037,872	Bonus	2,625
9	1/1/2007	1,637,489	Bonus	2,260
10	1/1/2008	1,255,708	Bonus	1,895

\*In the aforementioned Form 32 only year of change in beneficial ownership has been shown.





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6. The aforesaid changes in beneficial ownership have been reported to the Commission on 25/03/2013 with delay ranging from 1,895 days to 7,373 days, in contraventions of Section 222(2)(c) of the Ordinance. Besides, it was noticed that the Respondent has not filed Forms 32 for sale transactions made by her in May 2013.

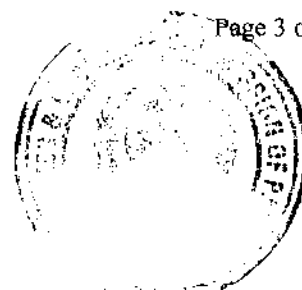
7. The said contraventions attract penal provision of Section 224(4) of the Ordinance, which provides as under:-

*“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”.*

8. The Commission took cognizance of the aforesaid default and issued Notice to the Respondent under Section 224(4) of the Ordinance, calling upon her to file Form 32 for sale transactions made in May 2013 and to explain through written reply alongwith documentary evidence, if any as to why action may not be taken against her pursuant to Section 224(4) of the Ordinance, for aforesaid contraventions of Section 222 of the Ordinance.

9. Furthermore, in order to provide an opportunity of being heard in person, hearing in the matter was fixed on 09/01/2014 at the Commission's Head Office, Islamabad, which on the request of Mr. M. Javed Panni, Chief Executive, MJ Panni and Associates (**“Authorized Representative”**) was rescheduled on 22/01/2014. On the request of the Authorized Representative, the matter was again adjourned and re-fixed for 28/01/2014. On the said date, the Authorized Representative appeared on behalf of the Respondent and submitted written reply to the Notice. The submissions made by the Authorized Respondent on behalf of the Respondent in writing as well as verbally during the course of hearing be summarized as under:-

- (i) *It has been a formidable task for the Respondent to dig out the old record and succeed in compiling the information. Due to her hard efforts, the returns (Form 31 and Form-32) were prepared and filed with SECP.*
- (ii) *The Respondent is a house wife. She was of the view that the requisite returns have been filed, from time to time, by the Company Secretary who was entrusted with this responsibility for filing of the returns of all the directors.*
- (iii) *The Respondent had learnt about the non-filing of the returns through Commission's letter dated December 13, 2012 which was sent to her at the Company's address at Lahore and was the only communication passed on to her which had come as a great surprise to her.*



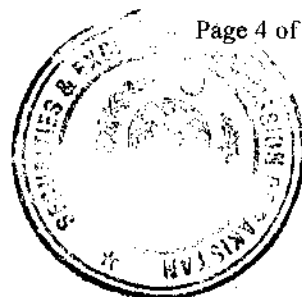


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- (iv) *Due to a family dispute, the management of the Company had not been cooperating with the Respondent, prima facie, it appears that she was always kept in dark about the requirement of filing of the returns willfully by the management.*
- (v) *The Respondent has never traded in the shares of the Company and bonus/right shares were received from 1993 to 2008. It was only in 2009 when her two sons purchased some shares. Moreover, the Respondent had sold 8,753,000 shares in the year 2013.*
- (vi) *The Returns (Form-32) pertaining to 1,800,000 shares and 6,953,000 shares were filed with Company Registration Office, Peshawar on 05/06/2013 and 24/07/2013. Copies of these returns have now been submitted to the Commission. Due to negligence of the staff, these returns were inadvertently filed with Company Registration Office, Lahore instead of SECP at Islamabad.*
- (vii) *The Respondent had no ulterior motive for not filing the earlier returns and she believes that it was mischievous act of the management of the Company for not arranging to file the returns as per practice.*
- (viii) *The defaults were neither committed willfully nor willingly and may kindly be condoned.*
- (ix) *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.*

10. I have considered the aforesaid written submissions made by the Respondent. The Respondent has submitted that due to a family dispute, the management of the Company had not been cooperating with her, which resulted in committing of the under reference defaults. In this regard attention is invited to Section 222 of the Ordinances, which explicitly describes that filing of returns of beneficial ownership is the responsibility of the beneficial owner instead of the Company Secretary. The Respondent has been asked by the Commission from time to time for filing of the returns of beneficial ownership since 2004. But she did not do so. Besides, it is worth mentioning that in order to provide an opportunity to directors/beneficial owners of listed companies to file their overdue 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 future. The aforesaid Notices were sent to all listed companies and were also disseminated





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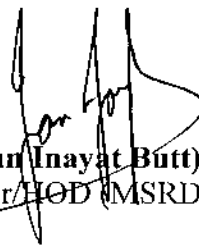
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through stock exchanges and print media. But, the Respondent did not avail this opportunity. In my opinion, the Respondent has contravened the provisions of Section 222 of the Ordinance. Hence, in the light of aforesaid discussion, I am of the view that the Respondent has committed the violation. However, taking a lenient view of the default, in exercise of powers conferred under Section 224 (4) of the Ordinance, I hereby impose a fine of Rs. 30,000/- (thirty thousand rupees only) on the Respondent.

11. 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 11, 2014



  
(Imran Inayat Butt)  
Director/HOD (MSRD)