



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. Shahnaz Aziz, Ex-Director of Kohat Cement Company Limited

September 01, 2014

**Date of Hearing:**

**Present at Hearing:**

*Representing the Respondent:*

*Mr. Rashid Sadiq,  
Chief Executive Officer,  
RS Corporate Advisory (Pvt.) Limited*

*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/BOW/222/9(356)14 dated 25/06/2014 (“**Notice**”) issued to Mrs. Shahnaz Aziz (“**Respondent**”), Ex-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 Form 32, for the changes took place in his beneficial ownership from May 2013 to June 2013, within the period stipulated under Section 222 of the Ordinance. However, he failed to discharge the said obligation which attracts 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:-

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





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*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 filed Form 31 and Form 32 with this Commission on 04/03/2014. The said Form 31 showed that she acquired beneficial ownership in the Company on 29/06/2013 and 500,000 ordinary shares of the company were beneficially owned by her. Thus, she was required to file the said return with this Commission latest by 28/07/2013, but the same has been filed on 04/03/2014, with delay of 218 days, in contravention of Section 222(2)(b) of the Ordinance.

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

Sr. No.	No. of Shares	Date	Nature of Change	Delay in Days
1.	499,500	03/10/2013	Sold/Transferred to ANS Capital Limited	137
2	100	04/12/2013	Receipt of bonus	75

6. The aforesaid changes in beneficial ownership were reported to the Commission with delay ranging from 137 days to 75 days, in contravention of Section 222(2)(c) of the Ordinance. 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”.*

5. 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 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. Mr. Rashid Sadiq, Chief Executive Officer, RS Corporate Advisory (Pvt.) limited (“**Authorized Representative**”) responded the Notice vide letter dated 17/07/2014 on behalf of







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the Respondent, wherein, inter alia, he requested for hearing of the case via video conference from Company Registration Office, Lahore.

6. Furthermore, in order to provide an opportunity of being heard in person, hearing in the matter was fixed on 28/08/2014 at the Commission's Head Office, Islamabad. The hearing was rescheduled for 01/09/2014 and the Authorized Representative was allowed to appear through video link, as was requested by him. On the said date, the Authorized Representative appeared through video link from Company Registration Office, Lahore. The submissions made by the Respondent in writing as well as verbally during the course of hearing be summarized as under:-

- a) *The Respondent became director of the Company in June 2009. But due to inadvertence Form 31 could not be filed, within the stipulated time limit.*
- b) *The changes in beneficial ownership of the Respondent were due to receipt of 100 bonus shares and transfer of 499,500 shares to holding company of the Issuer Company in terms of SECP's approval dated 18/09/2013 and not due to any trade in the shares of the Issuer Company.*
- c) *The delay in filing of Form 21 and Form 32 was purely due to oversight and also due to problems encountered by the Respondent in filing of Form 32 through eservice of the Commission. The Respondent tried a number of times for filing of these forms within stipulated time, however, every time he faced a problem in eservice facility of the Commission. The same was brought to the notice of the Company Registration Offices Peshawar and Lahore. A letter dated 20/01/2014 was also written to SECP which remained un-responded. However, after consultation with CROs, the Form 32 was filed physically.*
- d) *Furthermore, the delay in filing of Form 32 was a technical nature and there has been full and complete disclosure of the Respondent's shareholding in Form A as well as in Annual Report under Form 34, therefore, the delay in filing of Form 32 was unintentional.*
- e) *The Respondent has resigned from the position of directorship on February 17, 2014.*
- f) *The default is unintentional and the same may kindly be condoned.*

7. I have considered the aforesaid submissions made by the Authorized Representative in writing as well as during the course of hearing. 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 changes in beneficial ownership were due to receipt of bonus shares and transfer of shares to the holding company of the Issuer Company. Moreover, the Respondent has resigned on 17/02/2014 from the position of directorship of the Issuer





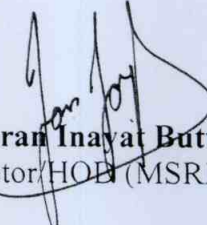
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Company. Therefore, a lenient view of the matter has been taken and the Respondent is hereby strictly warned to ensure timely compliance of Section 222 of the Ordinance in future, if applicable.

8. 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.



  
(Imran Inayat Butt)  
Director/HOD (MSRD)

Islamabad.  
Announced on October 31, 2014