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SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department-I

Adjudication Division

ORDER	
Name of Company:	Gharibwal Cement Limited
Show Cause Notice No. & Date:	2(465)SMD/Adj-1/2024-105 Dated October 02, 2024
Respondents:	Gharibwal Cement Limited
Date(s) of Hearing(s):	November 15, 2024
Case represented by:	Mr. Muhmmad Shamail Javed, Chief Financial Officer (Authorized Representative)
Provision of law involved:	Sections 102 and 106 of the Securities Act, 2015 read with Regulation 3(3) of the Reporting and Disclosure of (Shareholding by Directors, Executive Officers and Substantial Shareholders in Listed Companies) Regulations, 2015

This Order shall dispose of the proceedings initiated against Gharibwal Cement Limited (**the Company/Respondent**) through Show Cause Notice No. 2(465)SMD/Adj-1/2024-105 dated October 02, 2024 (**the SCN**) issued under Section 106 of the Securities Act, 2015 (**the Act**) on account of alleged contravention of Section 102(3) of the Act read with regulation 3(3) of the Reporting and Disclosure (of Shareholding by Directors, Executive Officers and Substantial Shareholders in Listed Companies) Regulations, 2015 (**the Regulations**).

2. Brief facts of the case are that the Company appointed the following Directors on its Board on February 28, 2024. The names of the Directors are as under:

S.No.	Name of Director(s)
1	Mr. Muhammad Tousif Peracha
2	Mr. Abdur Rafique Khan
3	Mr. Mustafa Tousif Ahmed Peracha
4	Mrs. Habiba Tousif Peracha
5	Mr. Daniyal Jawaid Peracha
6	Ms. Amna Khan
7	Mr. Khalid Saddiq Tirmizey
8	Mr. Faisal Aftab Ahmad
9	Mr. Shafqaat Ahmed

3. In terms of Section 102(3) of the Act read with regulation 3(3) of the Regulations, the Company was required to file Form 4, within 7 days of the receipt of information on Form 1 from the respective director. However, the record available with the Securities and Exchange Commission of Pakistan (**the Commission**) transpired that compliance was not ensured by the Company in respect of all the aforesaid directors.

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4. The relevant provisions of the law are reproduced as under:

Section 102(3) of the Act:

"102. Register of directors' interests notified under section 101.—... (3) Whenever a listed company is notified of any matter in consequence of requirement imposed by sub-section (1) of section 101, the company shall notify it to the Commission, within seven days of the receipt of the information, showing therein name of director, executive officer or shareholder, date of appointment or acquisition of beneficial ownership and number of shares held by him.."

Regulation 3(3) of the Regulations:

"3. Reporting of Beneficial ownership in listed equity securities under section 101 to section 103 of the Act:-...

(3) The listed company shall notify the Commission in Form 4 whenever such company receives Form 1 from a director, executive officer, or substantial shareholder pursuant to the requirement of section 101(1) of the Act."

Section 106 of the Act:

"106. Directive by the Commission.—(1) ...

(2) where any person who contravenes or fails to comply with any provision of sections 101, 102, 103, 104, 105 and 107, the Commission may by order in writing direct,—

(b) in the case of a company, the company and its every director or officer who is knowingly and willfully in default, to pay by way of penalty to the Commission such amount which may extend to five hundred thousand rupees and to a further amount which may extend to one thousand rupees per day for every day during which the default continues;"

5. The Commission vide letter dated July 19, 2024 sought explanation from the Company with respect to its alleged failure to file Form 4. The Company vide letter dated August 01, 2024 responded *inter alia*:

- (i) *all our directors have communicated to the company in respect of their shareholding on timely manner.*
- (ii) *however, form 4 & 5 could not be filed on time due to oversight.*

Moreover, the Company also submitted Form 4 in respect of the Directors on July 30, 2024 **with a delay of 146 days.**

6. In view of the above, the Company, *prima facie*, has violated Section 102(3) of the Act read with regulation 3(3) of the Regulations, which attracts applicability of the penal provisions of Section 106(2)(b) of the Act. Accordingly, the Commission while taking cognizance of the aforementioned non-compliance served the SCN upon the Company, requiring it to submit its written reply within 14 days of the date of the SCN.

7. In response to SCN, the Company vide letter dated October 29, 2024 submitted its reply as under:

".....it is apprised that the Directors have submitted Form-1 on February 29, 2024 on the very next day of the Election held on February 28, 2024 within the stipulated time of 7 days. Due to oversight, the company could not submit the required Form-4 to the commission, although, other statutory forms have been submitted in time after the Election held in EOGM. It may be

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appreciated that the Company remained complaint of the requirements of the law in the past and such omission has taken place for the first time in the history of the company.

.....the Company realized the mistake at its end and immediately filed the forms and requirements of the law was complied with on July 30, 2024 even before the issuance of show cause notice.

The Management of the company is fully cognizant with the importance of compliance of the law however, it is important to highlight that no public interest has been jeopardized with this omission."

8. The Company was provided opportunity of personal representation and the hearing was fixed in the matter for November 15, 2024. The hearing was attended by Mr. Muhammad Shamail Javed, Chief Financial Officer as Authorized Representative (**the Representative**) of the Company. During the course of hearing, the Representative was advised to explain the reasons for the alleged non-compliances, as narrated in the SCN. The Representative reiterated the written arguments and submissions and admitted occurrence of delay in filing Form 4. He further stated that the submission of the Forms was inadvertently overlooked; however, subsequently, Forms 4 have been filed by the Company in respect of all the Directors. The Representative requested that a lenient view may be taken in the matter.

9. At this juncture, it is important to discuss the following legal and factual elements:

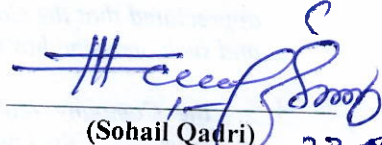
- (i) In terms of Section 102 of the Act read with Regulation 3(3) of the Regulations, the Respondent was required to file the prescribed Form i.e. Form 4 with the Commission, within seven (07) days of the receipt of information on Form 1 from the respective director. This form is critical for disclosure; thereby ensuring transparency, preventing conflicts of interest, mitigating risks of insider trading, and contributing to the integrity of the market.
- (ii) The requirement to file Form 4 within the prescribed timeline is a legal and regulatory obligation. However, the Respondent by filing Form 4 with a substantial delay of 146 days and only after taking up the matter by SECP vide its letter dated July 19, 2024 i.e. on July 30, 2024, has contravened the requirements of the provisions of the Act and Regulations.

10. I have gone through the facts of the case and considered both written and verbal submissions of the Representative on behalf of the Respondent in light of the applicable provisions of the law and the available record and noted that the Company was required to file Forms 4, within 7 days of the receipt of information on Form 1 from the respective director as required under Section 102(3) of the Act read with regulation 3(3) of the Regulations. The admission made by the Company for late filing of Forms 4 to the Commission, is on the record.

11. In view of the foregoing, non-compliance/ contravention of the provisions of Section 102(3) of the Act read with regulation 3(3) of the Regulations has been established beyond doubt and same has also been admitted by the Representative. Therefore, in exercise of the powers conferred upon me under Section 106(2)(b) of the Act read with S.R.O.1545(1)/2019 dated December 06, 2019, I hereby impose a penalty of **Rs. 50,000/- (Pak Rupees Fifty Thousand Only)** on the Respondent on account of the aforesaid established default. Furthermore, the Respondent is also advised to ensure meticulous compliance with the applicable legal and regulatory framework in the future.

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12. The Respondent is hereby directed to deposit the aforesaid fine in the designated bank account maintained in the name of Securities and Exchange Commission of Pakistan with MCB Bank Limited or United Bank Limited within thirty (30) days from the date of this Order and furnish receipted voucher issued in the name of the Commission for information and record.


(Sohail Qadri) 27-01-2025
Director/ Head of Department
Adjudication Department-I

Announced:

Dated: January 27, 2025

Islamabad