



**T R A N S P A R E N C Y  
I N T E R N A T I O N A L - P A K I S T A N**

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7 March 2011

Mr. Muhammad Ali  
Chairman,  
Securities and Exchange Commission of Pakistan,  
National Insurance Corporation Building, Jinnah Avenue,  
Islamabad-44000,

Fax No. (92-51) 9205692, 9204915

**Sub: Complaint Against Directors of AMTEX LTD**

Dear Sir,

Transparency International Pakistan appreciates SECP action taken against KESC on TI Pakistan complaint dated 30<sup>th</sup> July 2009, as KESC was found guilty by NEPRA and fined as reported in News of 14<sup>th</sup> October 2009.

*NEPRA, the electricity regulator has decided to impose the following penalties on the KESC that includes: 1) A fine of Rs300,000 being the maximum amount prescribed under section 29 of the Act has been imposed on KESC for its failure to provide an uninterrupted power supply to its consumers as per its obligations under the licence conditions.*

*2) Another fine of Rs300,000 was also imposed on the KESC for its failure to dispatch adequate power from its own plants and IPPs which resulted in shortage of power and resultant available load shedding in Karachi.*

*The authority has further observed that if KESC continues with the practice of reducing or under utilizing its generation capacity from IPPs, further strict punitive action will be taken against it in future.*

A Complaint has been received by TI Pakistan Against Directors of Amtex Ltd which was also addressed to SECP, and needs your personal attention.

A Copy is enclosed with the request that result of your actions may please be sent to TIP and the complainant, as these types of allegations requires to be dealt with urgently.

With regards,

  
Syed Adil Gilani  
Chairman

Copy to Chairman NAB for information please.

## AMTEX LTD SCAM

### DAY LIGHT ROBBERY OF INVESTORS BY AMTEX LIMITED DIRECTORS

#### DECLARATION OF FAKE DIVIDEND

The Directors of the company started cheating by preparing very attractive information memorandum and prospectus by showing exports of Rs. 15 billion, export trophy winner, progressive marketing through direct to retailer approach and by showing steady and attractive profits over the years in their audited financial statements. **They were successful in getting approval of prospectus from the Securities and Exchange Commission of Pakistan by non-disclosure of default status with Bank of Punjab and other financial institutions and fraudulently successful in obtaining IPO price of Rs. 13 from public and investors.**

After IPO the share price of the company dropped at Rs. 8 and invested public incurred huge loss within 3 months. The directors of the company, before announcement of annual results, purchased shares from lowest level of Rs. 8 and accumulated good quantity at lower price and thereafter lifted the price of share upto Rs. 14 within 2 weeks time before announcement of fake dividend. Securities and Exchange Commission of Pakistan have clear evidence (UIN record) and records of dealing by directors through **Amcap Securities Lahore brokerage house** owned by the directors of the company.

After close of financial year June 30, 2010 the directors fraudulently declared the 30% cash dividend knowingly that agreement with bank of Punjab restricts the payment of dividend. After planned declaration of dividend the price goes up and good volume in shares was generated due to change in perception about directors and company having investor friendly and taking advantage of situation directors offloaded all quantity purchased at higher prices (price goes upto Rs. 21 before book closure) to general public and financial institutions.

#### SELLING OF SPONSORS SHARES

The quantity sold at higher price after declaration of dividend was much higher than IPO shares and director sold their holding to maximum extent to make illegal profits through fake declaration of dividend. This can be verified by SECP through CDC accounts of directors and Amcapital dealings. After book closure (21 days) and selling maximum no. of shares at higher prices, they announced cancellation of cash dividend arguing that they are not allowed to do so by the banker (BOP) due to default status of the company.

Due to planned cancellation of cash dividend 30% the share price dropped from exdividend price of Rs. 16 to Rs. 7 in few sessions and investors sold their holding at huge loss and allegedly one dealer at fortune securities died due to heart attack after incurring hefty loss due to criminal act of chief executive and directors of Amtex Ltd.



59. Civil liability for mis-statements in prospectus.-

(1) Subject to the

provisions of this section, where a prospectus invites persons to subscribe for shares in or debentures of a company, the following persons shall be liable to pay compensation to every person who subscribes for or purchases any share or debentures on the faith of the prospectus for any loss or damage he may have sustained by reason of any untrue statement included therein, namely

(a) every person who is a director of the company at the time of the issue of the prospectus;

(b) every person who has authorised himself to be named and is named in the prospectus either as a director, or as having agreed to become a director, either immediately or after an interval of time

(c) every person who is a promoter of the company; and

(d) every person who has given consent to the issue of the prospectus under section 55 or sub-section (5) of section 57:

Copies to

Chairman SECP

Secretary Ministry of Finance

Secretary Ministry of law & Justice