



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
Securities Market Division
Market Supervision and Capital Issues Department

Before the Director/HOD (MSCID)

In the matter of Show Cause Notice issued under Section 224(4) of the Companies Ordinance, 1984 to Dewan Farooque Motors Limited, a beneficial owner of more than ten percent equity security of Dewan Cement Limited

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 through Show Cause Notice No. SMD/BO/9(215)2005 dated 30/07/2012 (“**Notice**”) issued to Dewan Farooque Motors Limited (“**Respondent**”), a beneficial owner of more than ten percent equity security of Dewan Cement 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 a beneficial owner of more than ten percent of its ordinary shares was required to file return of beneficial ownership on Form 32, within the period stipulated under Section 222 of the Ordinance. However, it failed to discharge the said obligation which attracts penal provisions contained in Section 224(4) of the Ordinance.

3. Section 222(2)(c) of the Ordinance stipulates the period within which the Form 32 is required to be submitted. For convenience, the provisions of the said Section are reproduced hereunder:-

“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 32 with this Commission on 26/07/2012, for a change in its beneficial ownership which took place on 30/04/2012. Thus, the Respondent was required to file the said return with this Commission latest by 15/05/2012, but the same has been filed on 26/07/2012, with delay of 72 days, in contravention of Section 222(2)(c) of the Ordinance. The said contravention attracts penal provisions 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”.

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5. The Commission took cognizance of the aforesaid default and issued Notice to the Respondent under Section 224(4) of the Ordinance, calling upon it to explain through written reply alongwith documentary evidence, if any as to why action may not be taken against it pursuant to Section 224(4) of the Ordinance, for aforesaid contravention of Section 222(2)(c) of the Ordinance.

6. In order to provide an opportunity of being heard in person, hearing in the matter was fixed on 30/11/2012 at Commission's Head Office, Islamabad. But, no one appeared to attend the said hearing. However, Mr. Muhammad Hanif, Assistant General Manager, Group Corporate Affairs of Dewan Group and Mr. Haroon Iqbal, Director of the Respondent ("**Representatives**") vide letter dated 06/12/2012 jointly filed written response to the Notice. Thus, the matter was re-fixed for hearing on 07/02/2013. In response, the Representatives vide letter dated 06/02/2013 stated that:-

"due to financial crunch presently being faced by the group, we are not in position to appear before the Commission. We, therefore, request your office that earlier written submissions may kindly be treated for the purpose of hearing".

7. The aforementioned written submissions made on behalf of the Respondent by the Representatives be summarized as under:-

- a) *Unfortunately, during those days the Company Secretary was on medical leave and other staff due to oversight could not submit the required Form-32, within the stipulated time limit.*
- b) *The contravention was not committed knowingly and willfully.*
- c) *The said inadvertent delay in filing of the return may be condoned.*
- d) *The Respondent will comply with the requirement of Section 222 of the Ordinance within the prescribed time period in future.*

8. I have considered the aforesaid submissions made on behalf of the Respondent. 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 Respondent has assured for timely filing of the returns of beneficial ownership in future and requested to condone the default in question. In order to arrive at conclusion, I have also reviewed the available record of this office which reveals that the Respondent has filed the under reference Form-32 by own motion. Considering the submissions made by the Respondent, I intend to agree with the contention of the Respondent and of the view that the late filing of the under reference return of beneficial ownership may not be willful. Therefore, a lenient view of the matter has




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been taken and the Respondent is hereby strictly warned to ensure timely compliance of Section 222 of the Ordinance in future.

9. 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 February 15, 2013




(Imran Hayat Butt)
Director/HOD (MSCID)