



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

Before the Director/HOD (MSRD)

In the matter of Show Cause Notice issued under Section 224(4) of the Companies Ordinance, 1984 to Mr. Dewan A.Rehman Farooqui, Director 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 ("**Commission**") through Show Cause Notice No. S.M(B.O)C.O.222/9(220) 10 dated 15/01/2014 ("**Notice**") issued to Mr. Dewan A.Rehman Farooqui ("**Respondent**"), Director 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 its Director was required to file return of beneficial ownership on Form 32, within the period stipulated under Section 222 of the Ordinance. However, he 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 as under:-

"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 this office letter dated 26/07/2013 has reported the following changes in beneficial ownership on Forms 32 to the Commission on 27/08/2013 with the delay as mentioned against each:-

Sr. No.	Date of Change	Nature of Change	No. of Shares	Delay in Days
1	19-04-2012	Purchase	180,000	480
2	07-02-2013	Sale	25,000	186
3	15-02-2013	Sale	5,000	178
4	18-02-2013	Sale	5,000	175
5	19-02-2013	Sale	10,000	174
6	20-02-2013	Sale	1,500	173
7	20-02-2013	Sale	8,500	173
8	26-02-2013	Sale	5,000	167
9	27-02-2013	Sale	7,500	166

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10	27-02-2013	Sale	10,000	166
11	27-02-2013	Sale	32,500	166
12	06-03-2013	Sale	10,000	159
13	12-03-2013	Sale	60,000	153

5. The aforesaid changes in beneficial ownership were reported to the Commission with delay ranges from 153 days to 480 days in contravention of Section 222(2)(c) of the Ordinance. The said contraventions of Section 222 of the Ordinance *prima facie* attract penal provisions contain in 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".

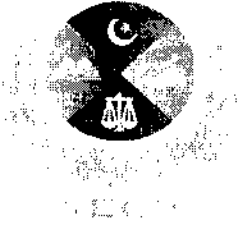
6. The Commission took cognizance of the aforesaid default and issued Notice to the Respondent under Section 224(4) of the Ordinance, calling upon him to explain through written reply along with documentary evidence, if any as to why action may not be taken against him pursuant to Section 224(4) of the Ordinance, for aforesaid contravention of Section 222 of the Ordinance. Furthermore, in order to provide an opportunity of being heard in person, hearing in the matter was fixed for 29/1/2014 at Commission's Head Office, Islamabad. But neither the Respondent nor his authorized representative attended the said hearing nor the Respondent made request for adjournment of the said hearing.

7. The Respondent vide letter dated 27/01/2014 filed written reply to the Notice. The submissions made by the Respondent be summarized as under:-

- a) *The delay in filing of Form 32 for the aforementioned changes in beneficial ownership was neither intentional nor deliberate.*
- b) *The under reference default was happened due to inadvertent omission.*
- c) *The Respondent ensured that he will comply with the requirement of Section 222 of the Ordinance within the prescribed time period in future.*

8. I have considered the aforesaid written submissions made by the Respondent. The Respondent has admitted the default of late filing of the return of beneficial ownership with the contention that the said default was not committed wilfully. But, the Respondent did not elucidate the circumstances on account of which, he was unable to file Form 32 for the under






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reference changes in beneficial ownership, within the stipulated time limit. 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. 15,000/- (fifteen thousand rupees only) on the Respondent.

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.




(Imran Inayat Butt)
Director/ HOD (MSRD)

Islamabad.
Announced on February 25, 2014