



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 Dewan Motors (Pvt.) Limited, a beneficial owner of more than ten percent equity security of Dewan Farooque Spinning Mills 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.222/8(657)2012 dated 01/01/2014 ("**Notice**") issued to Dewan Motors (Pvt.) Limited ("**Respondent**"), a beneficial owner of more than ten percent equity securities of Dewan Farooque Spinning Mills 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 31, within the period stipulated under Section 222 of the Ordinance. But, it failed to file Form 31 within the stipulated time period.

3. Section 222(2) (b) of the Ordinance stipulates the period within which the Form 31 is required to be submitted as under:-

"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 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"

4. The Respondent, in response to this office letter dated 10/06/2013 filed Form 31 with this Commission on 19/06/2013. The said Form 31 shows that the Respondent acquired aforesaid beneficial ownership of the Company on 22/03/2011 and 37,450,726 shares are beneficially owned by it. Thus, it was required to file the said return with this Commission latest by





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21/04/2011, but the same has been filed on 18/06/2013, with delay of 424 days, in contravention of Section 222(2)(b) 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".

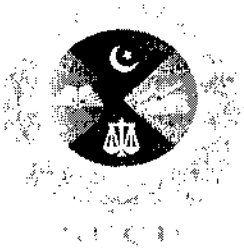
5. The Commission took cognizance of the aforesaid default and issued Notice to the Respondent under Section 224(4) of the Ordinance, calling upon it to explain through written reply along with documentary evidence, if any as to why action may not be taken against it pursuant to Section 224(4) of the Ordinance, for aforesaid contraventions 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 16/01/2014 at the 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.

6. The Company Secretary of the Respondent vide letter dated 13/01/2014 responded the matter. The submission made by the Respondent be summarized as under:-

- a. *We highly regret for the inadvertent delay in filing of return of beneficial ownership in respect of the Respondent.*
- b. *The default has not been committed wilfully, but it took place due to inadvertent omission by the concerned staff.*
- c. *The Company Secretary assured that the Respondent will comply with the requirement of Section 222 of the Ordinance within the prescribed time period in future.*

7. I have considered the aforesaid 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 and knowingly. Concerning the plea that the "default was not committed willfully" it is pointed out that the affairs of the Respondent are dealt by



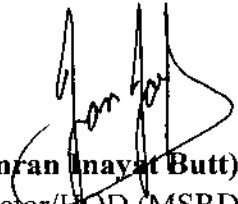


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professional personnel who are supposed to be fully acquainted with the requirements of the Ordinance and to ensure timely compliance of regulatory and corporate requirements on behalf of the Respondent. However, irrespective of that, the Respondent failed to discharge its liability entailed under Section 222 of the Ordinance. 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. 20,000/- (twenty thousand rupees only) on the Respondent.

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/MSRD (MSRD)

Islamabad.

Announced on March 03, 2014