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## **BACKGROUND: -**

Following the issuance of Mr. Etrat Rizvi Committee Report, the Securities and Exchange Commission of Pakistan (SECP) constituted an enquiry committee, which was re-constituted on August 28, 2001 with the following persons namely

1. Mr. Javed Masud (Convener)
2. Mr. Abdul Wahab Kodvavi
3. Mr. Muhammad Ali

The objective of the enquiry committee was to determine whether or not any “insider trading” can be established in transactions relating to shares of Dhan Fibres Limited and Dewan Salman Fibres Limited during the period January to May 2000.

The terms of reference were as follows:

1. Identify with evidence in support whether any violations were committed of Section 15-A of the Securities and Exchange Commission Ordinance, 1969 in the shares of Dewan Salman Fibres Limited and Dhan Fibre Limited (collectively referred to as the “Companies”) and the persons who, during the period of six months before committing a violation of Section 15-A of the Securities and Exchange Ordinance, 1969, were associated (as defined in Section 15-A(c)(i) and (ii)) with the Companies. If violations of Section 15-A of the Securities and Exchange Ordinance 1969 were committed indirectly, then identify the persons through whom such violations were committed.

2. Identify reasons for price increase in shares of Dhan Fibres and Dewan Salman Fibres during the period January to May 2000.
3. Determine the unpublished price sensitive information in relation to the companies which was used by the “insiders” and which materially affected the price of the shares of the companies, which may inter alia, encompass the following:
  - I. Financial results of the companies;
  - II. Intended declaration of dividends;
  - III. Takeover, mergers and amalgamation.
  - IV. Any changes in policies, plans or operations of companies.
  - V. Any major expansion plans or execution of new projects;
  - VI. Any other information that may affect the earnings of the companies
4. An estimation of the gains/ profits accrued to the “insiders” due to dealing in the Shares of the companies either on their own behalf or through some other person(s).
5. Identify brokers through whom dealing in shares of the companies by the “insider” took place.
6. Whether or not any violations of the Securities and Exchange Commission of Pakistan Act, 1997, the Securities and Exchange Ordinance, 1969, the Companies Ordinance, 1984 and the Central Depositories Act, 1997 which may have been committed ancillary to the violation of Section 15-A of the Securities and Exchange Ordinance, 1969.
7. Recommend remedial and disciplinary measures to be taken by the Securities & Exchange Commission (SECP).

8. Investigate into any other matter, which has a bearing or is relevant.

The proceedings of the committee started in September, 2001.

In the light of the terms of reference the committee gathered the relevant information from various sources. This information included the following:

- a) Trading record of Karachi Stock Exchange (KSE) and Lahore Stock Exchange (LSE) relating to Dewan Salman and Dhan Fibres.
- b) Relevant record of Central Depository Company of Pakistan Ltd.
- c) Trading record of selected brokers relating to Dewan Salman Fibres and Dhan Fibres.

In addition, the committee met the following individuals:

- i. Farrukh Ansari, CFO/Company Secretary (DSFL)
- ii. Ali Ansari, CEO, AKD Securities Ltd.
- iii. Aqeel Karim Dedhi, Chairman , AKD Securities Ltd.

It was noted that during the specific period January 2000 to April 2000, the index rose to 2054 points on 22<sup>nd</sup> March, 2000 from 1457 points on 3<sup>rd</sup> January, 2000 an increase of about 41%. However, during the same period individual script recorded a much higher increase as reflected in the following:

|           |                                    |             |
|-----------|------------------------------------|-------------|
| <b>1.</b> | <b>Adamjee Insurance</b>           | <b>247%</b> |
| <b>2.</b> | <b>Dhan Fibres Limited</b>         | <b>218%</b> |
| <b>3.</b> | <b>Dewan Salman Fibres Limited</b> | <b>165%</b> |
| <b>4.</b> | <b>Bank Of Punjab</b>              | <b>162%</b> |
| <b>5.</b> | <b>Sui Northern Gas</b>            | <b>113%</b> |

The above pattern shows that out of five scripts two were from Fibre Sector. The Committee also tried to determine whether the price movement within the sector was unique to these two scripts or whether the pattern can be termed as abnormal in the sector. The relative price movement of all listed companies in the Fibre sector was analyzed for the following periods:-

- July 1999 to June 2000
- January 2000 to May 2000.

During the study, committee made arrangements for meetings with some related personnel and arranged interviews regarding the issue of Dhan Fibres and Dewan Salman Fibres Limited merger and bonus issued by Dewan Salman Fibres Limited. Questions focused primarily on the analysis of data pertaining to the following:

1. Top Broker-wise turnover during different periods for Dhan Fibres and Dewan Fibers Limited.
2. Major Buyers / Sellers during the specific period for Dhan Fibres and Dewan Salman Fibres Limited.
3. Weekly Net shares Position in Dhan Fibres and Dewan Salman Fibres Limited for specific period.
4. Participant-wise CDC statement for different time periods.
5. Brokers and Institutions' holding of Dhan Fibres Limited in CDC before conversion to Dewan Salman Fibres Limited.
6. Client-wise details of selected top active brokers for the specified period.

7. Review of MOU between Dhan Fibres and Dewan Salman Fibres Limited.

The Committee analyzed the price pattern of Dhan Fibres Limited and it observed that share price of Dhan Fibres Limited was Rs.6.6 per share in January 2000 where as it touched a high of Rs.21.50 per share during March and closed at Rs.10.50 per share on 30<sup>th</sup> June, 2000. During the period January 2000 – June 2000, average volume was approx 7.5 million shares per day (For details see annexure) as against average daily volume of 8.6 million shares in March 2000.

Similarly for Dewan Salman it was observed that share price of Dewan Salman Fibres Limited was Rs.26.55 per share in January whereas a high of Rs.72.75 per share was recorded in April, the day of Bonus @ 50% announcement. The price closed at Rs.27.45 (XB) on 30<sup>th</sup> June 2000. During the period January 2000 – June 2000, average volume of Dewan Salman Fibres was approx 4.00 million per day (for details see annexure) as against average daily volume of 7 million shares in April 2000.

The committee after meeting the various individuals and going through the data determined that two critical issues emerge from the enquiry: -

- Acquisition of Dhan Fibres Limited by Dewan Salman Fibres Limited
- Declaration of 50% Bonus shares by Dewan Salman Fibres Limited.

## **ACQUISITION OF (DFL) DHAN FIBRES LIMITED SHARES BY DEWAN SALMAN FIBRES LTD. (DSFL)**

Dewan Salman Fibres Limited acquired approximately 200 million shares of Dhan Fibres Limited. During the enquiry, Mr. Farrukh Ansari CFO & Company Secretary Dewan Salman, informed the Committee that: -

### **Quote**

- DSF was approached by sponsors of DFL as early as second half of 1997 to acquire their shares. However, due to price considerations and the sponsors failing to offer majority shares of DFL the deal could not progress any further.
- In 1998 and in 1999 at different times the sponsors of DFL made overtures to DSF to seek their interest in the purchase of sponsor's shares, however, each time due to lack of achieving common ground no agreement could be reached.
- In early 2000 a number of brokers approached DSF and indicated that a group of investors are holding a block of shares with them, which they were interested in offering to DSF. This proposal was declined and they were told that DSF is not interested in hostile takeover. The brokers were informed that any deal would only be possible with the consent of the sponsors of DFL.
- On March 21, 2000 AKD Securities arranged a meeting with the sponsors, in which an understanding was reached for the sale of 200 million shares of DFL together with the transfer of management control.

### **Unquote**

During discussion it was ascertained that a memorandum of understanding (MOU) was signed on March 21,2000. The review of MOU reflects that there were three signatories to the agreement:

1. Khawaja Mohd Javed
2. Dewan Salman Fibres Ltd. (through its CEO-Mr. Dewan Zia-ur-Rehman.)
3. AKD Securities Limited.

The share price and share turnover pattern of Dhan Fibres Limited during March, 2000 was:-

| <b>Date</b>      | <b>Volume</b>     | <b>Low</b>   | <b>High</b>  |
|------------------|-------------------|--------------|--------------|
| <b>1-Mar-00</b>  | <b>1,814,000</b>  | <b>8.40</b>  | <b>8.90</b>  |
| <b>2-Mar-00</b>  | <b>1,014,000</b>  | <b>8.30</b>  | <b>8.90</b>  |
| <b>3-Mar-00</b>  | <b>2,071,500</b>  | <b>8.60</b>  | <b>8.95</b>  |
| <b>6-Mar-00</b>  | <b>3,480,500</b>  | <b>8.60</b>  | <b>8.80</b>  |
| <b>7-Mar-00</b>  | <b>3,535,500</b>  | <b>8.65</b>  | <b>9.20</b>  |
| <b>8-Mar-00</b>  | <b>1,393,000</b>  | <b>8.75</b>  | <b>9.10</b>  |
| <b>9-Mar-00</b>  | <b>893,000</b>    | <b>8.55</b>  | <b>8.90</b>  |
| <b>10-Mar-00</b> | <b>2,138,500</b>  | <b>8.45</b>  | <b>8.80</b>  |
| <b>13-Mar-00</b> | <b>3,829,500</b>  | <b>8.70</b>  | <b>9.20</b>  |
| <b>14-Mar-00</b> | <b>4,936,500</b>  | <b>8.90</b>  | <b>9.45</b>  |
| <b>15-Mar-00</b> | <b>6,624,500</b>  | <b>9.10</b>  | <b>9.60</b>  |
| <b>16-Mar-00</b> | <b>6,557,000</b>  | <b>9.55</b>  | <b>10.15</b> |
| <b>20-Mar-00</b> | <b>94,608,000</b> | <b>10.10</b> | <b>14.40</b> |
| <b>21-Mar-00</b> | <b>16,687,000</b> | <b>13.90</b> | <b>21.50</b> |
| <b>22-Mar-00</b> | <b>5,930,500</b>  | <b>16.00</b> | <b>18.00</b> |
| <b>24-Mar-00</b> | <b>2,583,500</b>  | <b>15.50</b> | <b>18.00</b> |
| <b>27-Mar-00</b> | <b>3,564,500</b>  | <b>15.10</b> | <b>17.75</b> |
| <b>28-Mar-00</b> | <b>5,865,500</b>  | <b>16.75</b> | <b>18.10</b> |
| <b>29-Mar-00</b> | <b>3,039,500</b>  | <b>18.00</b> | <b>19.00</b> |
| <b>30-Mar-00</b> | <b>7,198,500</b>  | <b>16.55</b> | <b>18.90</b> |
| <b>31-Mar-00</b> | <b>3,325,500</b>  | <b>17.30</b> | <b>18.15</b> |

The pattern shows unusual increase in turnover of Dhan Fibre Shares on March 20, 2000. There is also a general perception that some sort of rumor was circulating in the market for quite some time regarding chances of acquisition of Dhan Fibres by Dewan Salman or its sponsors.

While M/s Dewan Salman Fibres Limited has stated that the meeting with sponsors of Dhan Fibres Limited was arranged on March 21, 2000 it seems that some preparatory work must have been done earlier as the date of signing of MOU is also March 21, 2000. The terms of MOU would have required discussion and drafting by lawyers, which requires time and it is likely that the agreement may have been prepared earlier. During discussion, AKD securities have insisted that meeting was held on March 21, 2000 and that the lawyers drafted the agreement on the same day.

From the above it seems that M/s AKD Securities Ltd. may have had access to price sensitive information relating to the proposed transaction of acquisition of Dhan Fibres Ltd as they were one of the signatories to the MOU. However, up to the signing of MOU it could not be said with certainty whether the transaction would go through or not as in the past also agreement could not be concluded due to lack of achievement of common grounds. So there was an element of risk involved as it was clear that the deal would not go through unless the sponsors of Dhan Fibres Ltd agreed to sell their shares.

The issue that arises is from legal point of view whether M/s AKD Securities Ltd. falls within the definition of “insider” or not, although they may have had access to price sensitive information.

While the Securities and Exchange Ordinance, 1969 does not specifically define “insider”, section 15-A explains the terms “associated with” and prerequisite in

the above case is establishment of professional or business relationship with the Company.

The MOU shows documentary evidence of establishment of business relationship on March 21, 2000 (the date of its signing).

If viewed in the context of “**Prohibition of Insider Trading Guidelines**”, M/s AKD Securities Ltd. could be treated as “deemed to be connected person” and therefore may fall within the definition of ‘**Insider**’; however, the guidelines were issued on March 27, 2001, while the above case relates to March 2000.

The Karachi Stock Exchange quotation of March 20, 2000 shows 2 transactions of purchase of 12 million shares each of Dhan Fibres Limited by AKD Securities Limited at the rate of Rs.11 per share. The seller member was Khadim Ali Shah Bukhari, From discussion, it seems that M/s Khadim Ali Shah Bukhari were one of the group of investors holding a block of shares.

The transaction worth Rs.4.2 billion was reported by AKD Securities (Member Code 019) as follows: (as per the KSE quotation of June 30, 2000.):-

|                                  | <b>No of shares</b> | <b>Rate</b> |
|----------------------------------|---------------------|-------------|
| Block sale by group of investors | 110,000,000         | 12.419      |
| Sponsors shares                  | 90,000,000          | 31.4877     |

From the above it is clearly established that M/s AKD Securities Limited was a beneficiary of the transaction. However, whether or not this was an outcome of insider trading is difficult to establish in view of the position explained above

### **Requirements of Listing Regulation No.28.**

The committee also examined the position with reference to the listing rules of Karachi Stock Exchange

Listing Regulation No.28 states that:-

“A listed company shall immediately inform the Exchange of any material contract entered into by the company or of any material change in the nature of its business including change of management, sale or purchase of major operating assets, franchise, brand name, goodwill, royalty, financial plan etc., and all relevant information such as consideration, terms of payments, period of use of such facilities and projected gains to accrue to the company.”

M/s Dewan Salman Fibres Limited and M/s Dhan Fibres Limited did not inform the Stock Exchanges regarding the MOU on March 22, 2000. As such both companies were clearly in violation of the aforesaid listing rules.

## **DEWAN SALMAN FIBRES LIMITED**

### **DECLARATION OF 50% BONUS**

The committee noted during enquiry that M/s Dewan Salman Fibres had not given prior information to stock exchange regarding April 19 2000, Board Meeting's item relating to bonus shares discussion.

The Form-I of correspondence Manual of Karachi Stock Exchange requires intimation of Board Meeting date at least one week in advance.

The share price and share turnover pattern of Dewan Salman Fibre Limited during April was:

| <b>Date</b>      | <b>Volume</b>     | <b>Low</b>   | <b>High</b>  |
|------------------|-------------------|--------------|--------------|
| <b>3-Apr-00</b>  | <b>1,377,000</b>  | <b>42.40</b> | <b>43.55</b> |
| <b>4-Apr-00</b>  | <b>1,487,000</b>  | <b>40.75</b> | <b>42.50</b> |
| <b>5-Apr-00</b>  | <b>1,713,000</b>  | <b>39.70</b> | <b>41.75</b> |
| <b>6-Apr-00</b>  | <b>1,870,500</b>  | <b>39.80</b> | <b>42.10</b> |
| <b>7-Apr-00</b>  | <b>3,551,500</b>  | <b>41.90</b> | <b>43.50</b> |
| <b>10-Apr-00</b> | <b>9,768,000</b>  | <b>44.40</b> | <b>46.75</b> |
| <b>11-Apr-00</b> | <b>21,707,000</b> | <b>46.10</b> | <b>52.25</b> |
| <b>12-Apr-00</b> | <b>8,575,000</b>  | <b>51.40</b> | <b>53.40</b> |
| <b>13-Apr-00</b> | <b>10,135,000</b> | <b>53.05</b> | <b>54.30</b> |
| <b>14-Apr-00</b> | <b>20,152,500</b> | <b>54.40</b> | <b>59.20</b> |
| <b>17-Apr-00</b> | <b>26,712,000</b> | <b>53.50</b> | <b>62.25</b> |
| <b>18-Apr-00</b> | <b>12,414,000</b> | <b>61.45</b> | <b>63.90</b> |
| <b>19-Apr-00</b> | <b>18,001,500</b> | <b>61.60</b> | <b>72.75</b> |
| <b>20-Apr-00</b> | <b>975,500</b>    | <b>65.00</b> | <b>70.50</b> |
| <b>21-Apr-00</b> | <b>788,000</b>    | <b>67.00</b> | <b>70.50</b> |
| <b>24-Apr-00</b> | <b>473,500</b>    | <b>66.50</b> | <b>69.95</b> |
| <b>25-Apr-00</b> | <b>491,500</b>    | <b>66.75</b> | <b>69.00</b> |
| <b>26-Apr-00</b> | <b>855,000</b>    | <b>66.05</b> | <b>68.25</b> |
| <b>27-Apr-00</b> | <b>1,157,000</b>  | <b>63.15</b> | <b>68.00</b> |
| <b>28-Apr-00</b> | <b>482,500</b>    | <b>61.05</b> | <b>68.00</b> |

The share price pattern reflects an unusual rise in price during the April 2000, and unusual high volume during April 11<sup>th</sup> 2000 to April 19<sup>th</sup> 2000. However, the review of trading details obtained from the members does not reflect trading by directors or key personnel of the company.

During discussion, Mr. Farrukh Ansari, CFO & Company Secretary of Dewan Salman Fibres said that Bonus issue had not been planned earlier and it was during the Board Meeting that the issue was raised that Bonus shares be issued @ 50%. It is however, unusual, as declaration of bonus shares requires working of free reserves etc. that must have been done prior to Board Meeting. It was evident therefore, that number of Senior Executives of the company had excess to this privilege information.

The Directors of the company as well as Senior Executives consequently had the opportunity to use this information to their advantages. The committee therefore, examined the relevant data for determining whether or not any of the relevant person used this information for purpose of trading. However, no conclusive evidence could be established to confirm this possibility. As such the committee is unable to enforce any insider trading was involved.

## RECOMMENDATIONS

- Some form of Market watchdog software should be acquired by Stock Exchanges for monitoring unusual trends and timely investigation.
- Standard record keeping system should be specified for all Members by the Stock Exchange.
- Requirement of record keeping for at least two years records, even in case of termination of membership.
- Educate insiders by holding seminars / workshops about the prohibition and risks of insider trading.
- Limitations be placed within a company on access to confidential information.
- Adoption of “blackout periods” during which officers and directors would not be allowed to trade and. or prior notice to a company representative of intended trading to assure that the company is not in possession of material inside information.
- Procedures to minimize the risk that insiders share confidential material information with outsiders.
- Prohibitions on selective disclosures of material information.

## KEY EVENTS BY DATES

|  |   |
|--|---|
| During second half of 1997,1998 and 1999 | Management of Dewan Salman Fibre approached by the management of Dhan Fibre Ltd for acquisition.  |
| Early 2000                               | A number of Brokers having a large block of Dhan Fibres shares approached Dewan Salman Fibres Limited                                       |
| 6 <sup>th</sup> January, 2000            | Lowest price i.e. Rs.6.6 of Dhan Fibre Ltd. (Market Trade) During 1 <sup>st</sup> January, 2000 to 30 <sup>th</sup> April, 2000.            |
| 25 <sup>th</sup> January, 2000           | Lowest price i.e. Rs.26.55 of Dewan Salman Fibre Ltd. (Market Trade ) During 1 <sup>st</sup> January, 2000 to 30 <sup>th</sup> April, 2000. |
| 20 <sup>th</sup> March, 2000             | Highest Volume Trade i.e. 94.6 million shares of Dhan Fibres Ltd. During 1 <sup>st</sup> January, 2000 to 30 <sup>th</sup> April, 2000.     |
| 21 <sup>st</sup> March, 2000             | Highest price i.e. Rs.21.50 of Dhan Fibres Ltd. (Market Trade) During 1 <sup>st</sup> January, 2000 to 30 <sup>th</sup> April, 2000.        |
| 21 <sup>st</sup> March 2000              | MOU signed between Dewan Salman Fibres and Dhan Fibres Ltd.   |
| 22 <sup>nd</sup> March, 2000             | Highest Index i.e. 2054 touched during 1 <sup>st</sup> January, 2000 to 30 <sup>th</sup> April, 2000.                                       |
| 23 <sup>rd</sup> March, 2000             | Press release regarding Dewan Salman and Dhan Fibre Ltd Merger.   |

|                              |   |
|------------------------------|---|
| 24 <sup>th</sup> March, 2000 | Karachi Stock Exchange sends a letter to Dewan Salman/Dhan Fibres regarding press release of 23 <sup>rd</sup> March, 2000.                      |
| 28 <sup>th</sup> March, 2000 | Dewan Salman Fibres send a letter to KSE regarding acquisition of Dhan Fibres and reply the 24 <sup>th</sup> March, 2000 letter of KSE.         |
| 31 <sup>st</sup> March, 2000 | Dhan Fibre sends a letter to Karachi Stock Exchange regarding the Press release of 24 <sup>th</sup> March, 2000.                                |
| 17 <sup>th</sup> April, 2000 | Highest Volume Trade i.e. 26.7 million shares of Dewan Salman Fibres Ltd. During 1 <sup>st</sup> January, 2000 to 30 <sup>th</sup> April, 2000. |
| 19 <sup>th</sup> April, 2000 | Board Meeting of Dewan Salman Fibres Limited without prior notification to Karachi Stock Exchange.  |
| 19 <sup>th</sup> April, 2000 | Dewan Salman Fibre announced Bonus shares @ 50%.  |
| 19 <sup>th</sup> April, 2000 | Highest price i.e. Rs.72.75 of the Dewan Salman Fibre Ltd. (Market Trade) during 1 <sup>st</sup> January, 2000 to 30 <sup>th</sup> April, 2000. |
| 29 <sup>TH</sup> May, 2000   | Dewan Salman Fibre Limited issued a letter for notification to KSE regarding the settlement of 200 million shares of Dhan Fibres Ltd.           |
| 30 <sup>th</sup> June, 2000  | Transfer of Management Control of Dhan Fibres Ltd. to Dewan Salman Fibres Management.   |

## DAILY PRICE & VOLUME PATTERN (DFL & DSFL)

| DHAN FIBRE |            |       |       | DEWAN SALMAN FIBRE |           |       |       |
|------------|------------|-------|-------|--------------------|-----------|-------|-------|
| Date       | Volume     | Low   | High  | Date               | Volume    | Low   | High  |
| 3-Jan-00   | 527,500    | 6.80  | 6.95  | 3-Jan-00           | 247,000   | 27.60 | 28.00 |
| 4-Jan-00   | 729,500    | 6.85  | 7.00  | 4-Jan-00           | 566,000   | 27.95 | 28.50 |
| 6-Jan-00   | 828,500    | 6.60  | 7.10  | 6-Jan-00           | 1,876,000 | 28.05 | 29.65 |
| 12-Jan-00  | 1,665,000  | 7.00  | 7.30  | 12-Jan-00          | 3,013,500 | 29.05 | 30.75 |
| 13-Jan-00  | 811,500    | 7.10  | 7.35  | 13-Jan-00          | 496,500   | 29.55 | 30.45 |
| 14-Jan-00  | 10,700,000 | 7.30  | 9.05  | 14-Jan-00          | 7,132,000 | 29.90 | 33.90 |
| 17-Jan-00  | 8,238,000  | 8.10  | 9.50  | 17-Jan-00          | 3,990,500 | 32.00 | 35.50 |
| 18-Jan-00  | 11,271,000 | 8.05  | 9.20  | 18-Jan-00          | 2,429,500 | 31.25 | 33.50 |
| 19-Jan-00  | 14,964,500 | 9.10  | 10.20 | 19-Jan-00          | 2,044,000 | 31.50 | 33.25 |
| 20-Jan-00  | 5,920,000  | 9.00  | 10.20 | 20-Jan-00          | 1,563,000 | 32.30 | 33.50 |
| 21-Jan-00  | 3,553,000  | 9.10  | 9.90  | 21-Jan-00          | 1,580,500 | 32.20 | 33.40 |
| 24-Jan-00  | 3,133,500  | 8.50  | 9.50  | 24-Jan-00          | 878,500   | 31.00 | 33.00 |
| 25-Jan-00  | 3,990,000  | 7.25  | 9.00  | 25-Jan-00          | 1,342,500 | 26.55 | 31.90 |
| 26-Jan-00  | 3,871,000  | 7.80  | 8.65  | 26-Jan-00          | 813,000   | 28.00 | 29.75 |
| 27-Jan-00  | 2,158,000  | 8.30  | 8.90  | 27-Jan-00          | 1,212,500 | 29.00 | 29.70 |
| 28-Jan-00  | 2,671,500  | 8.50  | 9.00  | 28-Jan-00          | 2,118,000 | 28.90 | 30.80 |
| 31-Jan-00  | 2,026,000  | 8.90  | 9.40  | 31-Jan-00          | 1,976,000 | 30.15 | 31.75 |
| 1-Feb-00   | 1,616,000  | 8.80  | 9.20  | 1-Feb-00           | 4,394,000 | 30.80 | 32.20 |
| 2-Feb-00   | 4,506,000  | 8.75  | 9.55  | 2-Feb-00           | 6,339,500 | 31.30 | 33.10 |
| 3-Feb-00   | 1,980,500  | 9.05  | 9.65  | 3-Feb-00           | 3,379,000 | 31.90 | 33.50 |
| 4-Feb-00   | 765,500    | 9.00  | 9.25  | 4-Feb-00           | 1,144,500 | 31.70 | 32.60 |
| 7-Feb-00   | 1,329,500  | 8.95  | 9.25  | 7-Feb-00           | 1,528,000 | 31.60 | 32.40 |
| 8-Feb-00   | 1,653,000  | 9.10  | 9.35  | 8-Feb-00           | 695,500   | 31.75 | 32.20 |
| 9-Feb-00   | 2,101,000  | 9.05  | 9.40  | 9-Feb-00           | 618,000   | 31.10 | 31.95 |
| 10-Feb-00  | 1,257,000  | 8.95  | 9.25  | 10-Feb-00          | 521,000   | 30.50 | 31.60 |
| 11-Feb-00  | 1,593,000  | 8.10  | 9.25  | 11-Feb-00          | 924,500   | 29.00 | 31.45 |
| 14-Feb-00  | 3,355,500  | 8.60  | 9.30  | 14-Feb-00          | 1,189,000 | 29.55 | 30.25 |
| 15-Feb-00  | 2,839,000  | 9.00  | 9.35  | 15-Feb-00          | 609,500   | 29.70 | 30.60 |
| 16-Feb-00  | 11,230,500 | 9.10  | 9.80  | 16-Feb-00          | 3,285,000 | 29.70 | 31.05 |
| 17-Feb-00  | 5,526,500  | 9.50  | 9.95  | 17-Feb-00          | 2,768,500 | 30.85 | 31.90 |
| 18-Feb-00  | 4,860,000  | 9.60  | 10.10 | 18-Feb-00          | 1,114,500 | 30.50 | 31.70 |
| 21-Feb-00  | 6,612,500  | 9.95  | 10.50 | 21-Feb-00          | 4,166,000 | 31.30 | 32.90 |
| 22-Feb-00  | 13,474,500 | 10.25 | 11.20 | 22-Feb-00          | 1,357,000 | 31.50 | 32.80 |
| 23-Feb-00  | 11,652,000 | 10.75 | 11.45 | 23-Feb-00          | 7,146,500 | 32.00 | 34.15 |
| 24-Feb-00  | 22,446,000 | 8.90  | 11.30 | 24-Feb-00          | 4,277,500 | 32.55 | 33.95 |
| 25-Feb-00  | 11,335,500 | 8.80  | 10.40 | 25-Feb-00          | 3,933,000 | 32.70 | 34.20 |
| 28-Feb-00  | 3,001,000  | 8.55  | 9.05  | 28-Feb-00          | 2,685,000 | 32.50 | 33.75 |
| 29-Feb-00  | 3,712,500  | 8.60  | 9.10  | 29-Feb-00          | 2,488,000 | 27.85 | 33.50 |
| 1-Mar-00   | 1,814,000  | 8.40  | 8.90  | 1-Mar-00           | 1,072,000 | 31.40 | 32.20 |
| 2-Mar-00   | 1,014,000  | 8.30  | 8.90  | 2-Mar-00           | 1,049,500 | 31.10 | 32.50 |
| 3-Mar-00   | 2,071,500  | 8.60  | 8.95  | 3-Mar-00           | 2,802,000 | 32.05 | 33.55 |
| 6-Mar-00   | 3,480,500  | 8.60  | 8.80  | 6-Mar-00           | 1,352,500 | 32.65 | 33.40 |
| 7-Mar-00   | 3,535,500  | 8.65  | 9.20  | 7-Mar-00           | 1,769,500 | 32.75 | 33.75 |
| 8-Mar-00   | 1,393,000  | 8.75  | 9.10  | 8-Mar-00           | 3,487,000 | 33.10 | 33.95 |

| DHAN FIBRE |            |       |       | DEWAN SALMAN FIBRE |            |       |       |
|------------|------------|-------|-------|--------------------|------------|-------|-------|
| Date       | Volume     | Low   | High  | Date               | Volume     | Low   | High  |
| 9-Mar-00   | 893,000    | 8.55  | 8.90  | 9-Mar-00           | 3,239,500  | 32.90 | 33.75 |
| 10-Mar-00  | 2,138,500  | 8.45  | 8.80  | 10-Mar-00          | 4,215,000  | 33.10 | 34.15 |
| 13-Mar-00  | 3,829,500  | 8.70  | 9.20  | 13-Mar-00          | 9,838,500  | 34.05 | 35.55 |
| 14-Mar-00  | 4,936,500  | 8.90  | 9.45  | 14-Mar-00          | 8,114,500  | 34.70 | 36.40 |
| 15-Mar-00  | 6,624,500  | 9.10  | 9.60  | 15-Mar-00          | 5,447,500  | 35.55 | 36.50 |
| 16-Mar-00  | 6,557,000  | 9.55  | 10.15 | 16-Mar-00          | 7,928,500  | 36.00 | 37.70 |
| 20-Mar-00  | 94,608,000 | 10.10 | 14.40 | 20-Mar-00          | 19,769,500 | 37.70 | 44.00 |
| 21-Mar-00  | 16,687,000 | 13.90 | 21.50 | 21-Mar-00          | 17,864,000 | 40.75 | 44.30 |
| 22-Mar-00  | 5,930,500  | 16.00 | 18.00 | 22-Mar-00          | 5,889,000  | 42.80 | 47.75 |
| 24-Mar-00  | 2,583,500  | 15.50 | 18.00 | 24-Mar-00          | 775,500    | 41.30 | 45.80 |
| 27-Mar-00  | 3,564,500  | 15.10 | 17.75 | 27-Mar-00          | 726,500    | 38.65 | 43.75 |
| 28-Mar-00  | 5,865,500  | 16.75 | 18.10 | 28-Mar-00          | 1,203,000  | 43.10 | 47.00 |
| 29-Mar-00  | 3,039,500  | 18.00 | 19.00 | 29-Mar-00          | 1,233,000  | 44.25 | 46.60 |
| 30-Mar-00  | 7,198,500  | 16.55 | 18.90 | 30-Mar-00          | 4,470,500  | 42.50 | 46.00 |
| 31-Mar-00  | 3,325,500  | 17.30 | 18.15 | 31-Mar-00          | 2,111,000  | 43.00 | 44.30 |
| 3-Apr-00   | 1,130,000  | 17.00 | 18.00 | 3-Apr-00           | 1,377,000  | 42.40 | 43.55 |
| 4-Apr-00   | 2,265,000  | 16.05 | 17.00 | 4-Apr-00           | 1,487,000  | 40.75 | 42.50 |
| 5-Apr-00   | 3,248,000  | 15.65 | 16.60 | 5-Apr-00           | 1,713,000  | 39.70 | 41.75 |
| 6-Apr-00   | 6,908,500  | 15.35 | 16.50 | 6-Apr-00           | 1,870,500  | 39.80 | 42.10 |
| 7-Apr-00   | 8,647,500  | 15.95 | 16.70 | 7-Apr-00           | 3,551,500  | 41.90 | 43.50 |
| 10-Apr-00  | 8,216,500  | 16.05 | 16.60 | 10-Apr-00          | 9,768,000  | 44.40 | 46.75 |
| 11-Apr-00  | 18,808,000 | 16.25 | 17.55 | 11-Apr-00          | 21,707,000 | 46.10 | 52.25 |
| 12-Apr-00  | 9,047,000  | 16.60 | 17.50 | 12-Apr-00          | 8,575,000  | 51.40 | 53.40 |
| 13-Apr-00  | 4,324,500  | 16.45 | 17.00 | 13-Apr-00          | 10,135,000 | 53.05 | 54.30 |
| 14-Apr-00  | 15,171,000 | 16.75 | 17.80 | 14-Apr-00          | 20,152,500 | 54.40 | 59.20 |
| 17-Apr-00  | 14,297,000 | 16.90 | 17.80 | 17-Apr-00          | 26,712,000 | 53.50 | 62.25 |
| 18-Apr-00  | 21,132,500 | 17.60 | 18.35 | 18-Apr-00          | 12,414,000 | 61.45 | 63.90 |
| 19-Apr-00  | 27,788,500 | 17.65 | 19.05 | 19-Apr-00          | 18,001,500 | 61.60 | 72.75 |
| 20-Apr-00  | 11,494,000 | 17.90 | 18.90 | 20-Apr-00          | 975,500    | 65.00 | 70.50 |
| 21-Apr-00  | 6,325,000  | 17.40 | 18.25 | 21-Apr-00          | 788,000    | 67.00 | 70.50 |
| 24-Apr-00  | 3,413,000  | 17.00 | 17.75 | 24-Apr-00          | 473,500    | 66.50 | 69.95 |
| 25-Apr-00  | 4,894,500  | 16.70 | 17.60 | 25-Apr-00          | 491,500    | 66.75 | 69.00 |
| 26-Apr-00  | 3,990,500  | 16.55 | 17.15 | 26-Apr-00          | 855,000    | 66.05 | 68.25 |
| 27-Apr-00  | 8,249,000  | 16.45 | 17.30 | 27-Apr-00          | 1,157,000  | 63.15 | 68.00 |
| 28-Apr-00  | 8,412,500  | 14.50 | 17.00 | 28-Apr-00          | 482,500    | 61.05 | 68.00 |
| 1-May-00   | 18,769,500 | 14.10 | 16.30 | 1-May-00           | 205,000    | 60.10 | 63.30 |
| 2-May-00   | 17,628,000 | 15.70 | 16.60 | 2-May-00           | 641,500    | 61.25 | 67.50 |
| 3-May-00   | 9,749,500  | 15.30 | 16.25 | 3-May-00           | 136,500    | 63.65 | 66.00 |
| 4-May-00   | 6,764,500  | 15.25 | 16.15 | 4-May-00           | 351,000    | 62.50 | 65.70 |
| 5-May-00   | 7,668,000  | 14.90 | 16.15 | 5-May-00           | 238,000    | 62.00 | 64.25 |
| 8-May-00   | 4,251,000  | 14.65 | 15.45 | 8-May-00           | 299,500    | 62.50 | 65.00 |
| 9-May-00   | 5,881,500  | 14.00 | 15.15 | 9-May-00           | 5,015,000  | 38.00 | 44.30 |
| 10-May-00  | 5,449,000  | 13.35 | 14.35 | 10-May-00          | 3,343,500  | 37.50 | 41.40 |
| 11-May-00  | 14,642,000 | 11.20 | 14.40 | 11-May-00          | 5,201,000  | 36.00 | 43.00 |
| 12-May-00  | 10,072,500 | 10.75 | 12.65 | 12-May-00          | 2,487,500  | 32.20 | 37.25 |

| DHAN FIBRE |            |       |       | DEWAN SALMAN FIBRE |           |       |       |
|------------|------------|-------|-------|--------------------|-----------|-------|-------|
| Date       | Volume     | Low   | High  | Date               | Volume    | Low   | High  |
| 15-May-00  | 15,855,500 | 12.25 | 13.45 | 15-May-00          | 2,570,000 | 32.50 | 36.00 |
| 16-May-00  | 8,561,500  | 11.55 | 12.70 | 16-May-00          | 2,186,000 | 29.05 | 33.15 |
| 17-May-00  | 14,382,500 | 12.10 | 13.65 | 17-May-00          | 3,378,000 | 30.15 | 34.25 |
| 18-May-00  | 10,874,000 | 12.80 | 14.00 | 18-May-00          | 4,282,500 | 32.40 | 36.10 |
| 19-May-00  | 13,688,000 | 12.80 | 14.25 | 19-May-00          | 5,440,000 | 32.80 | 36.70 |
| 22-May-00  | 12,319,500 | 13.60 | 15.00 | 22-May-00          | 8,627,500 | 35.40 | 39.25 |
| 23-May-00  | 9,924,500  | 13.70 | 14.60 | 23-May-00          | 3,178,000 | 36.00 | 37.50 |
| 24-May-00  | 11,285,500 | 13.00 | 14.50 | 24-May-00          | 4,539,000 | 34.25 | 37.30 |
| 25-May-00  | 12,747,000 | 12.70 | 13.90 | 25-May-00          | 4,145,000 | 33.05 | 35.25 |
| 26-May-00  | 8,959,000  | 11.10 | 13.35 | 26-May-00          | 3,646,500 | 29.90 | 34.50 |
| 29-May-00  | 15,496,000 | 11.00 | 12.35 | 29-May-00          | 7,748,000 | 23.00 | 32.25 |
| 31-May-00  | 7,692,000  | 11.45 | 12.65 | 31-May-00          | 5,948,000 | 28.55 | 30.60 |
| 1-Jun-00   | 4,849,500  | 11.15 | 12.70 | 1-Jun-00           | 8,676,000 | 25.30 | 30.00 |
| 2-Jun-00   | 2,838,500  | 11.30 | 11.90 | 2-Jun-00           | 2,493,500 | 25.40 | 27.25 |
| 5-Jun-00   | 2,746,500  | 11.10 | 12.00 | 5-Jun-00           | 3,522,500 | 25.30 | 27.40 |
| 6-Jun-00   | 3,863,500  | 10.00 | 11.20 | 6-Jun-00           | 3,353,500 | 22.70 | 24.90 |
| 7-Jun-00   | 5,517,000  | 9.90  | 10.75 | 7-Jun-00           | 2,910,500 | 23.60 | 24.80 |
| 8-Jun-00   | 2,029,500  | 9.85  | 10.15 | 8-Jun-00           | 1,522,000 | 23.65 | 24.25 |
| 9-Jun-00   | 2,607,500  | 9.40  | 10.15 | 9-Jun-00           | 2,775,500 | 22.00 | 24.05 |
| 12-Jun-00  | 2,026,500  | 9.65  | 10.25 | 12-Jun-00          | 2,809,500 | 22.60 | 24.20 |
| 13-Jun-00  | 5,224,500  | 9.50  | 10.60 | 13-Jun-00          | 9,100,500 | 22.90 | 27.60 |
| 14-Jun-00  | 2,892,000  | 9.95  | 10.55 | 14-Jun-00          | 5,594,500 | 26.05 | 27.50 |
| 15-Jun-00  | 3,435,500  | 10.00 | 10.60 | 15-Jun-00          | 5,733,000 | 26.30 | 28.10 |
| 19-Jun-00  | 3,384,500  | 9.65  | 10.70 | 19-Jun-00          | 7,353,000 | 26.50 | 29.40 |
| 20-Jun-00  | 2,610,000  | 9.85  | 10.35 | 20-Jun-00          | 3,699,000 | 27.25 | 28.70 |
| 21-Jun-00  | 3,049,500  | 9.95  | 10.50 | 21-Jun-00          | 3,962,500 | 27.50 | 28.90 |
| 22-Jun-00  | 7,637,000  | 10.10 | 11.00 | 22-Jun-00          | 6,096,500 | 28.25 | 29.85 |
| 23-Jun-00  | 4,474,000  | 9.80  | 10.25 | 23-Jun-00          | 3,485,500 | 27.50 | 28.60 |
| 26-Jun-00  | 4,925,000  | 9.95  | 10.30 | 26-Jun-00          | 6,414,500 | 28.20 | 30.10 |
| 27-Jun-00  | 4,076,000  | 9.90  | 10.20 | 27-Jun-00          | 3,108,500 | 28.35 | 29.20 |
| 28-Jun-00  | 10,166,500 | 10.10 | 10.60 | 28-Jun-00          | 2,713,500 | 28.50 | 29.20 |
| 29-Jun-00  | 9,475,000  | 10.45 | 10.80 | 29-Jun-00          | 1,598,500 | 28.30 | 29.15 |
| 30-Jun-00  | 4,808,000  | 10.45 | 10.80 | 30-Jun-00          | 1,344,500 | 27.25 | 28.90 |

## **DEFINITIONS**

1. **Section 15-A of the Securities and Exchange Ordinance, 1969**
2. **Connected Person: -**
3. **“Insider” means: -**
4. **“Person is deemed to be a connected person” if such person**
5. **“Unpublished price sensitive information”**

## **DEFINITIONS**

### **Section 15-A of the Securities and Exchange Ordinance, 1969**

No person who is, or has been, at any time during the preceding six months, associated with a company shall, directly or indirectly, deal on a stock exchange in any listed securities of that or any other company, or cause any other person to deal in securities of such company, if he has information which:

- a) is not generally available;
- b) would, if its were so available, be likely to materially affect the price of those securities; or;
- c) relates to any transaction (actual or contemplated) involving such company.

#### **EXPLANATION: -**

For the purpose of this section, the expression “associated with” shall mean a person associated with a company, if he

- i. is an officer or employee of that company or an associated company; or
- ii. occupies a position, which gives him access there to by reason of any professional or business relationship between him or his employer or a company or associated company of which he is a director.

## **Prohibition of Insiders Trading**

The listed companies (prohibition of insiders trading) guidelines issued by SECP on March 27, 2001 define the following :-

### **Connected Person:-**

“Connected person” means any person who;

- i. is a director, as defined in clause (13) of sub-section (1) of section 2 of the Companies Ordinance, 1984; or
- ii. Occupies the position as an officer or an employee of the company or holds a position involving a professional or business relationship between himself and the company and who may reasonably be expected to have an access to unpublished price sensitive information in relation to that company;

### **“Insider” means: -**

- i. a person who is a director, chief executive, managing agent, chief accountant, secretary or auditor of a listed company or the beneficial owner holding directly or indirectly not less than 10% of the shares of a listed company; or
- ii. a person who, is or was connected with the company or is deemed to have been connected with the company, and who is reasonably expected to have access, by virtue of such connection, to unpublished price sensitive information in respect of securities of the company who has received or has had access to such unpublished price sensitive information.

**“Person is deemed to be a connected person” if such person**

- i. is company under the same management or group or any subsidiary company;
- ii. is an official or a member of a stock exchange or of a clearing house of that stock exchange, or any employee of a member of a stock exchange;
- iii. is an investment bank, share transfer agent, registrar to an issue, Trustee of Term Finance Certificates, Investment Advisor, Investment Company (closed end mutual fund) or an employee thereof or, is a member of the Board of Directors of an investment company or a member of the Board of Directors of the Asset Management of an Investment Scheme (open-end mutual fund) or is an employee having fiduciary relationship with the company;
- iv. is a member of the Board of Directors, or an employee, of a financial institution as defined in clause (15A) of sub-section (1) of section 2 of the Companies Ordinance 1984;
- v. is an official or an employee of a self-regulatory organization recognized by the Commission;
- vi. is a relative of any of the aforementioned persons; or
- vii. is a banker of the company.

**“Unpublished price sensitive information”**

in relation to a listed security means any information which relates to the following matters or is of concern, directly or indirectly, to a company, and is not generally known or published by such company for general information, but

which if published or known, is likely to materially affect the price, of securities of that company in the market:-

- i. financial results (both half- yearly and annual) of the company;
- ii. intended declaration of dividends (both interim and final);
- iii. issue of shares by way of Rights,Bonus,etc;
- iv. any major expansion plans or execution of new projects;
- v. amalgamation, mergers and takeovers;
- vi. disposal of the whole or substantially the whole of the undertaking;
- vii. such other information as may affect the earnings of the company and;
- viii. any changes in policies, plans or operations of the company.

## **ANALYSIS OF PRICE MOVEMENT**

1. Active Script during the Jan-May 2000.
2. Fibre Sector Active Script during the Jan-May 2000.
3. One year Fibre Sector performance period July 1999 to June 2000.

**Active top 10 scripts (without Fibre shares)  
Jan 3rd - May 31st**

| <b>Sr #</b> | <b>Company</b>       | <b>3rd Jan 2000</b> | <b>Highest</b> |               | <b>%age of rise</b> |
|-------------|----------------------|---------------------|----------------|---------------|---------------------|
| 1           | Adamjee Insurance    | 52.50               | 182.00         | 129.50        | 247                 |
| 2           | Bank of Punjab       | 21.35               | 56.00          | 34.65         | 162                 |
| 3           | Sui Northern         | 12.00               | 25.60          | 13.60         | 113                 |
| 4           | MCB                  | 25.45               | 53.45          | 28.00         | 110                 |
| 5           | ICI Pakistan         | 10.50               | 20.00          | 9.50          | 90                  |
| 6           | PTCL                 | 21.70               | 35.00          | 13.30         | 61                  |
| 7           | Pakistan State Oil   | 194.00              | 274.50         | 80.50         | 41                  |
| 8           | Hubco                | 21.35               | 30.00          | 8.65          | 41                  |
| 9           | Fauji Ferterlizer    | 53.20               | 69.00          | 15.80         | 30                  |
| 10          | Engro Chemical       | 125.50              | 131.50         | 6.00          | 5                   |
|             | <b>KSE 100 Index</b> | <b>1,457.00</b>     | <b>2054.00</b> | <b>597.00</b> | <b>41</b>           |

**Fibre Sector**

|   |                     |       |       |       |        |
|---|---------------------|-------|-------|-------|--------|
| 1 | Dewan Salman Fibres | 27.40 | 72.75 | 45.35 | 165.51 |
| 2 | Dhan Fibres         | 6.90  | 22.00 | 15.10 | 218.84 |
| 3 | Ibrahim Fibres      | 12.00 | 22.15 | 10.15 | 84.58  |

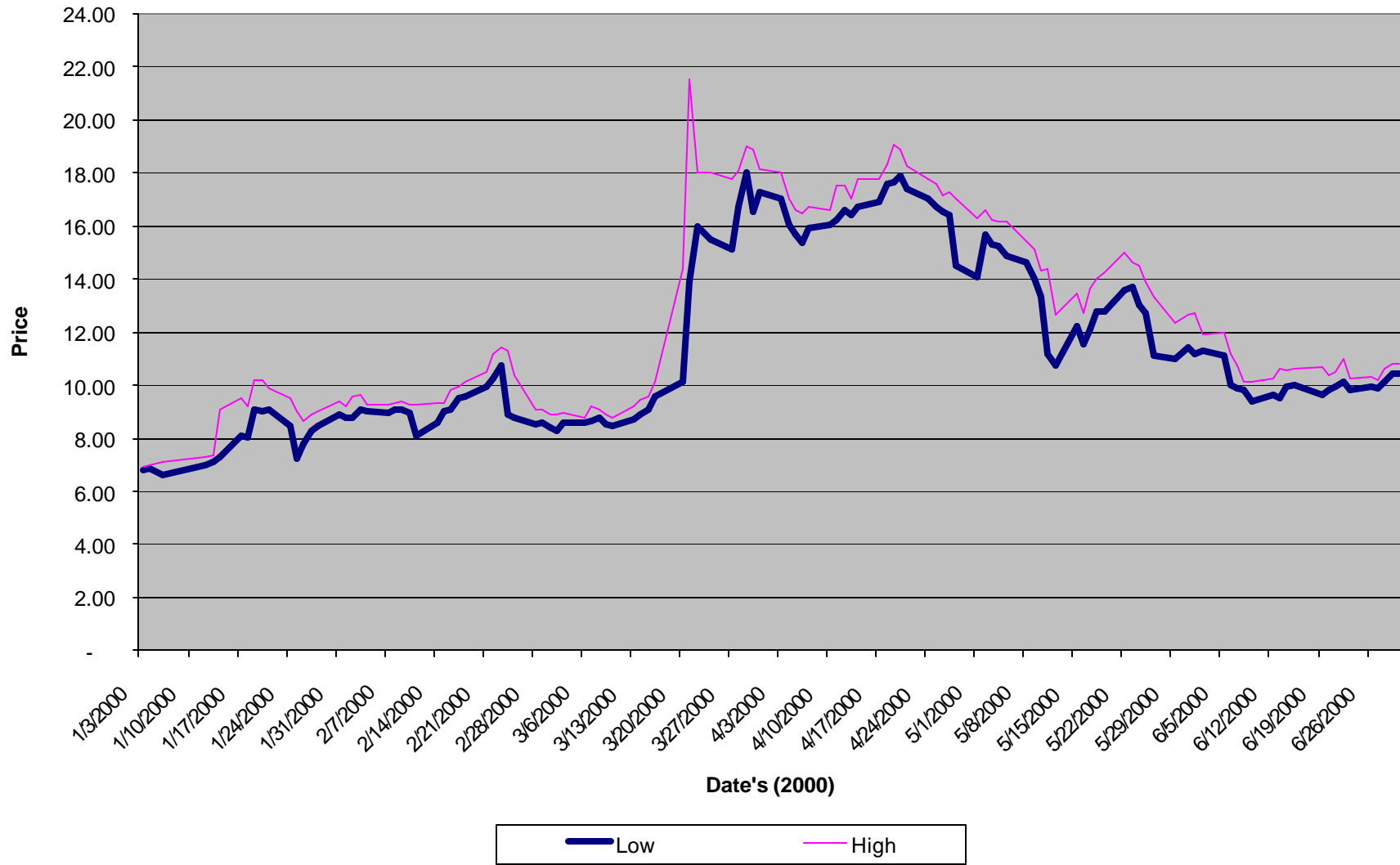
**July 1 1999 to June 30 2000  
Fibre Sector**

|   |                      |                 |                 |               |              |
|---|----------------------|-----------------|-----------------|---------------|--------------|
|   | <b>KSE 100 Index</b> | <b>1,066.00</b> | <b>2,054.00</b> | <b>988.00</b> | <b>92.68</b> |
| 1 | Dewan Salman Fibres  | 24.85           | 72.75           | 47.90         | 192.76       |
| 2 | Dhan Fibres          | 4.60            | 22.00           | 17.40         | 378.26       |
| 3 | Ibrahim Fibres       | 7.00            | 22.15           | 15.15         | 216.43       |

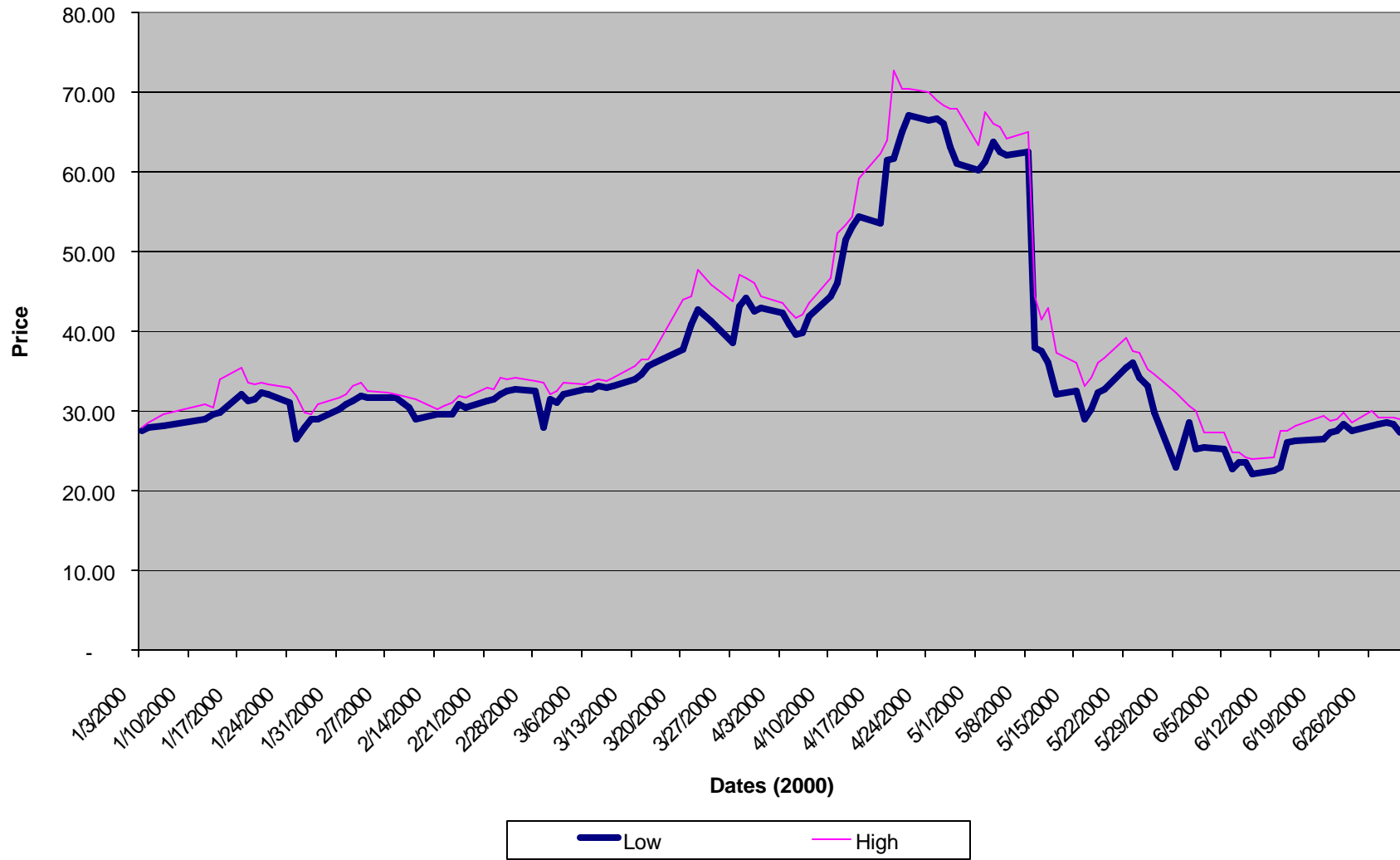
## **CHARTS**

1. Dhan Fibre Hi/Low (Jan-June 2000).
2. Dewan Salman Fibre Hi/Low (Jan-June 2000).
3. Dhan Fibres and Dewan Salman Fibres Limited Movement (Jan-June 2000).
4. Dhan Fibre price movement with volume (Jan-June 2000).
5. Dewan Salman Fibres price movement with volume (Jan-June 2000)
6. Daily price movement chart of Dhan Fibres with KSE 100-Index.
7. Daily price movement chart of Dewan Salman Fibres with KSE 100-Index

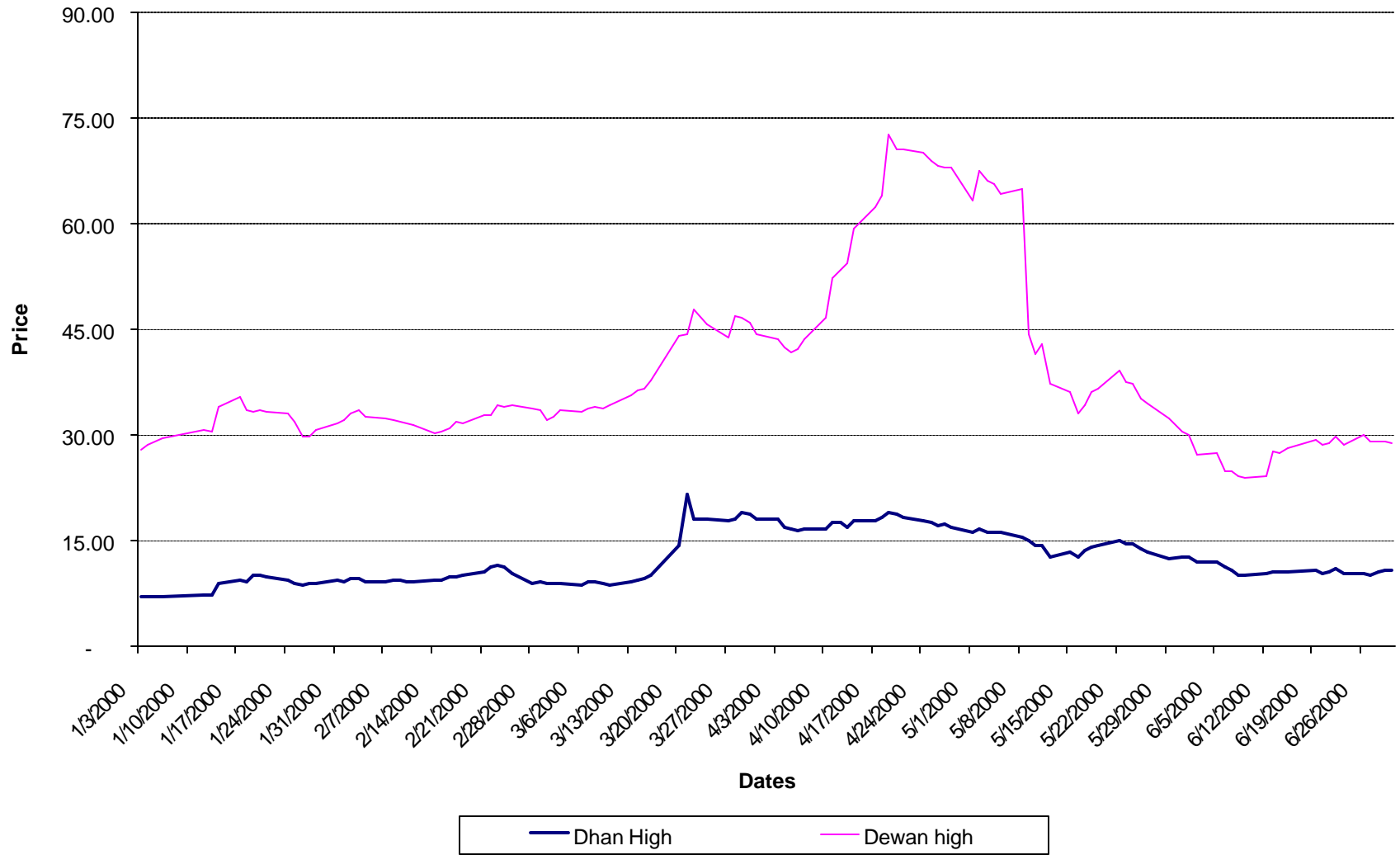
### Dhan Fibres Limited



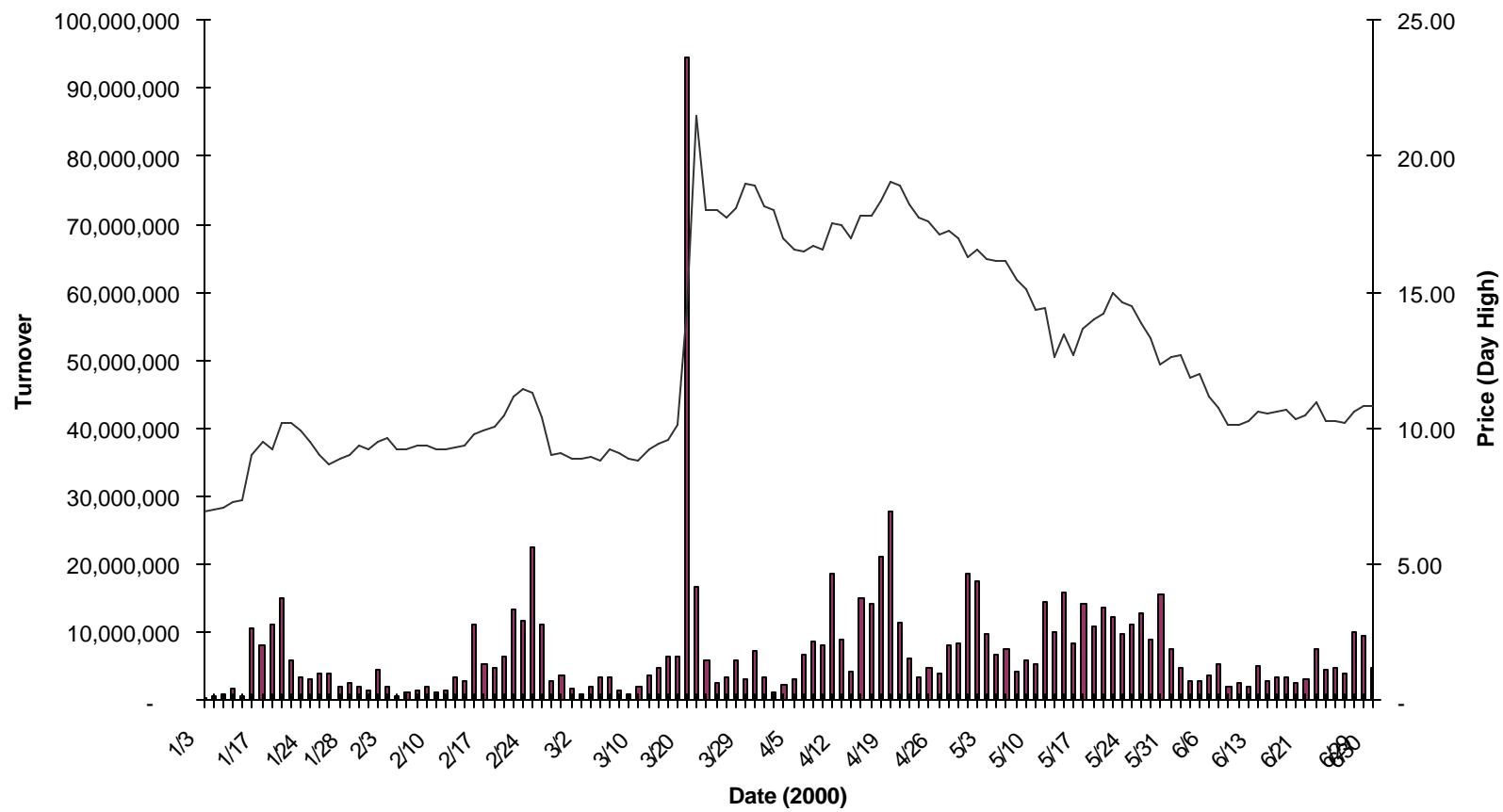
### Dewan Salman Fibres Ltd



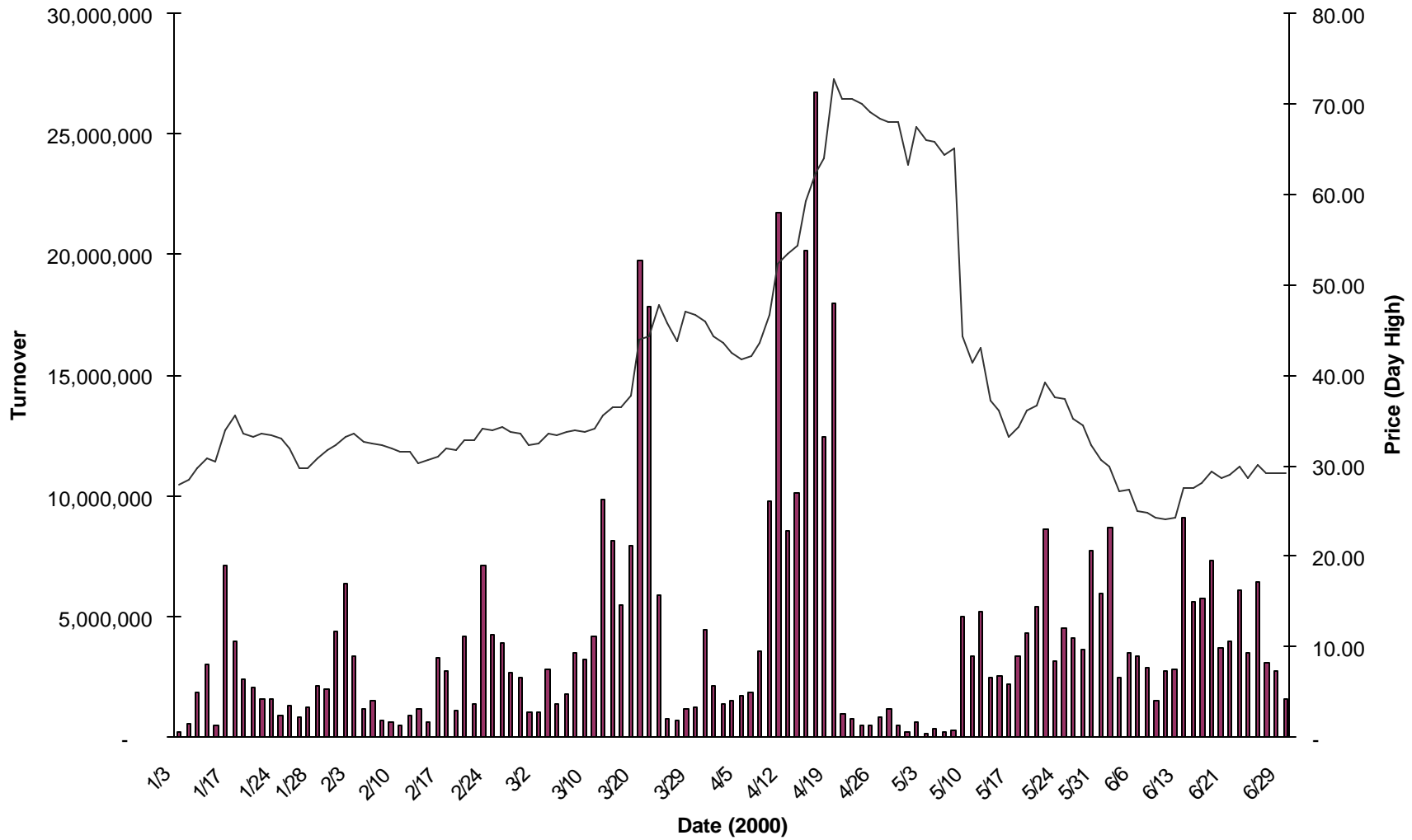
### Dhan & Dewan Price Movement



### Dhan Fibres Lintied

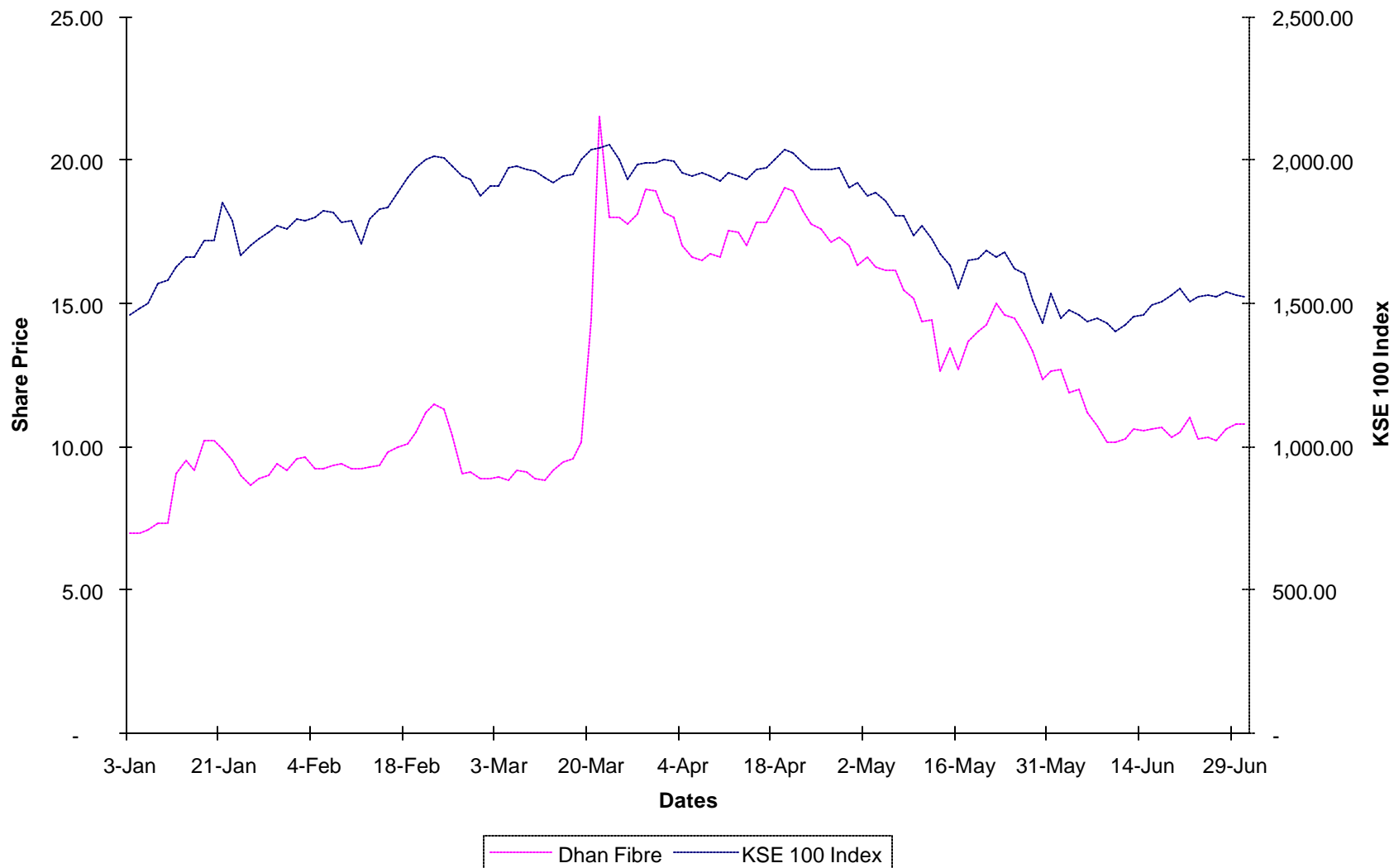


### Dewan Salman Fibre Ltd





**Dhan Fibre Price Movement with KSE 100 Index**





### Dewan Salman Price Movement with KSE 100 Index

