



# Securities and Exchange Commission of Pakistan

## Adjudication Division Adjudication Department-I

*Before*

**Amir M. Khan Afridi, Director/Head of Department**

*In the matter of*

**Dewan Cement Limited**

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Dates of Hearing

July 28, 2021

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### **Order-Redacted Version**

Order dated October 28, 2021 was passed by Director/Head of Department (Adjudication-I) in the matter of Dewan Cement Limited. Relevant details are given as hereunder:

<b>Nature</b>	<b>Details</b>
1. Date of Action	Show cause notice dated May 25, 2021
2. Name of Company	Dewan Cement Limited
3. Name of Individual*	The proceedings were initiated against three directors of the Company i.e. Dewan Cement Limited, who were members of Board Audit Committee (BAC).
4. Nature of Offence	Proceedings were initiated in terms of Listed Companies Code of Corporate governance Regulations, 2019 read with Section 512(2) of the Companies Act, 2017 for non-holding of BAC meeting in one quarter of Financial Year 2020.
5. Action Taken	Key findings were reported in the following manner:  I have gone through the facts of the case, written submissions made by the Respondents and arguments put forth during the hearing proceedings that BAC meeting in one quarter could not be held due to COVID-19 pandemic. The Respondents, however, did not ensure compliance in terms of clause (i) of sub-regulation (2) of regulation 27 of the Regulations by not holding BAC meeting in a quarter of FY 2020. In this regard, the director's report annexed with the Accounts of 2020 stated that: " <i>During the year, three meetings of the audit committee were held.</i> ". The aforesaid reflects default in terms of clause (i) of sub-regulation (2) of regulation 27 of the Act. The Respondents are of the view that the delay was unintentional. In this regard, I am of the view that the Respondents could take steps to hold BAC meeting through electronic means in order to ensure compliance. The default of the mandatory requirement of



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	<p>regulation 27 was duly acknowledged in writing and during the hearing. The reason for the said default was, however, not found tenable.</p> <p>Keeping in view, I, hereby in exercise of powers under regulation 37 of the Regulations read with Section 512 of the Act, hereby, impose a penalty of <b>Rs. 10,000/- (Rupees Ten Thousand only)</b> on the Respondent chairman of the BAC and warn others for the aforesaid non-compliance.</p> <p>The aforesaid fines must be deposited in the designated bank account maintained with MCB Bank Limited in the name of the Securities and Exchange Commission of Pakistan within thirty days of the date of this order and furnish receipted bank vouchers to the Commission. In case of non-deposit of the said penalty, proceedings under Section 485 of the Act will be initiated for recovery of the same as arrears of land revenue. It may also be noted that the said fines are imposed on Respondent in personal capacity, therefore, is required to pay the said amount from personal resources.</p> <p>Nothing in this Order may be deemed to prejudice the operation of any provision of the Act providing for imposition of penalties in respect of any default, omission or violation of the Act.</p>
6. Penalty Imposed	A Penalty of Rs. 10,000/- (Rupees ten thousand only) was imposed on Chairman of BAC.
7. Current Status of Order	No Appeal has been filed by the respondents.