



# Securities and Exchange Commission of Pakistan

Adjudication Division  
Adjudication Department-I

**Before Ali Azeem Ikram, Executive Director/HOD (Adjudication-I)**

**In the matter of D.S Industries Limited**

Dates of Hearing

April 01, 2019, August 21, 2019, May 20, 2020,  
September 8, 2020, November 20, 2020

### **Order-Redacted Version**

Order dated December 02, 2020 was passed by Executive Director/Head of Department (Adjudication-I) in the matter of D.S Industries Limited. Relevant details are given as hereunder:

<b>Nature</b>	<b>Details</b>
1. Date of Action	Show cause notice dated February 06, 2019
2. Name of Company	D.S Industries Limited
3. Name of Individual*	The proceedings were initiated against the director of the Company i.e. D.S Industries Limited
4. Nature of Offence	Violations of Section 153 read with Section 175 and section 479 of the Companies Act, 2017
5. Action Taken	Key findings were reported in the following manner:  I have examined the facts of the case, that brokerage license of brokerage house in which aforesaid director was also acting as director, was cancelled with effect from June 18, 2019. I have noted that the Respondent despite having his appeal dismissed by the Appellate Bench of the Commission vide order dated May 18, 2017, did not resign from the board of the listed company i.e. D.S. Industries Limited. Hence, fresh proceedings were initiated as he was ineligible to become director of the listed company, being director of licensed brokerage house. The default period of violation of section 153 of the Act (corresponding section 187 of the Companies Ordinance, 1984) pertains from May 19, 2017 to June 18, 2019. I, am of the view that trading in the shares by a licensed brokerage house is not necessary condition, rather license of brokerage issued by the Securities and Exchange Commission of Pakistan and Trading Rights Entitlement Holder of Pakistan Stock Exchange are pre-conditions for being involved in the "business" of brokerage. Hence, the word "business" given in terms of Section



# Securities and Exchange Commission of Pakistan

## Adjudication Division Adjudication Department-I

	<p>153(k) of the Act is relevant in the given proceedings and the Respondent did not deny that aforesaid brokerage house was authorized to do business of brokerage.</p> <p>2. In the aforementioned matter, as per available record, the provisions of Section 175 of the Act were introduced in the Act to promote market integrity by virtue of fairness and transparency within the financial markets aimed at protecting client and investor interests, including dealing with conflicts of interest. Section 153 of the Act debars ineligible persons to become director and sub-section (k) of the same, in pertinent part, explicitly prohibits a person, who is engaged in the business of brokerage, or is a spouse of such person or is a sponsor, director or office of a corporate brokerage house to become director of a listed company.</p> <p>3. Keeping in view, the Respondent has violated the requirements of Section 153(k) of the Act (corresponding section 187(j) of the Ordinance), and period of default persists till the date the license of brokerage house was cancelled on June 18, 2019. It is relevant to highlight that he did not disassociate himself from directorship of listed company i.e of D.S. Industries Limited, during the mentioned period and no corrective action was taken in this regard only penalty was imposed.</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	Penalty of Rs. 20,000/- was imposed on the Respondent.
7. Current Status of Order	Penalty was deposited. No Appeal has been filed.