



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. Pervez Ahmed, Chief Executive of D. S. Industries Limited

Date of Hearing:

February 20, 2014

Present at Hearing:

Representing the Respondent:

*Mr. Salman Farooq,
Company Secretary,
D. S. Industries Limited*

Assisting the Director/HOD (MSRD):

*Mr. Muhammad Farooq,
Joint Director, SECP*

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.222/4(11) 06 dated 15/01/2014 ("**Notice**") issued to Mr. Pervez Ahmed ("**Respondent**"), Chief Executive of D. S. Industries ("**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 Chief Executive 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 12/07/2013, reported the following changes in beneficial ownership on Forms 32 to the Commission on 31/07/2013 with the delay as mentioned against each:-





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

Sr. No.	Date of Change	Nature of Change	No. of Shares	Delay in Days
1	15/03/2012	Purchase	100,000	486
2	16/03/2012	Purchase	600,000	485
3	01/11/2012	Purchase	75,000	255
4	16/11/2012	Purchase	115,000	240
5	09/01/2013	Purchase	265,000	186
6	22/01/2013	Purchase	108,000	173
7	27/01/2013	Purchase	200,000	168
7	28/01/2013	Purchase	67,000	167
8	30/01/2013	Purchase	295,000	165
9	07/02/2013	Purchase	210,000	157
10	27/02/2013	Purchase	67,000	137

5. The aforesaid changes in beneficial ownership were reported to the Commission with delay ranges from 137 days to 486 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 contraventions of Section 222 of the Ordinance.

7. 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, which on the request of Mr. Muhammad Shoaib Rashid of Cornelius, Lane and Mufti was adjourned and rescheduled for 20/02/2014. On the given date Mr. Salman Farooq, Company Secretary of the Issuer Company appeared before me on behalf of the Respondent and also filed written reply to the





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

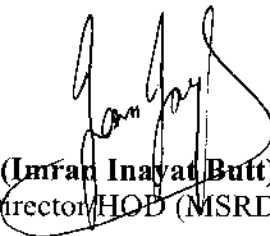
Notice. The submissions made on behalf of the Respondent in writing as well as verbally by the Authorized Representative during the course of hearing be summarized as under:-

- a) *Non-filing of the return of beneficial ownership for the aforementioned changes in beneficial ownership was not intentional or deliberate.*
- b) *Delay in Filing of Form 32 was on account of the overlooking.*
- 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 explain the circumstances on account of which the under reference changes in beneficial ownership could not be reported to the Commission, within the stipulated time limit. The record of this office showed that the Respondent is Chief Executive of the Company since 2005. Thus, it is evident that the Respondent was fully aware about his liability of filing of the returns of beneficial ownership, but he failed to do so within the stipulated time period. 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.




(Umar Inayat Butt)
Director/HOD (MSRD)

Islamabad.
Announced on February 25, 2014