



Securities and Exchange Commission of Pakistan

BEFORE THE APPELLATE BENCH

In the matter of

Appeal Nos. 38 & 41 of 2016 and 25 & 77 of 2017

1. Mr. Haroon Iqbal,
2. Mr. Aziz-ul-Haque,
3. Mr. Ishtiaq Ahmed
4. Mr. Manzoor Ahmed
5. Mr. M. Naeemuddin Malik
6. Syed Maqbool Ali
7. Mr. Waseem Ul Haque Ansari

(All directors of Dewan Automotive Engineering Limited)

...Appellants

versus

The Director, (Corporate Supervision Department), SECP, Islamabad

...Respondent

Dates of hearing:

July 20, 2023 and February 15,
2024

Present:

For the Appellants:

1. Syed Muhammad Abbas Hyder, Advocate High Court
2. Syed Muhammad Raza
3. Muhmmad Hanif German

For the Respondent:

1. Mr. Mahboob Ahmed, Additional Director, Adjudication-I, SECP
2. Mr. Muhammad Anwar Hashmi, Additional Joint Director Adjudication-I, SECP
3. Raja Farukh Ahmad, Additional Joint Director, Adjudication-I, SECP

ORDER

1. This consolidated order shall dispose of Appeal Nos. 38 and 41 of 2016 and Appeals 25 and 77 of 2017 filed by the Directors of Dewan Automotive Engineering Limited (the Appellants) under Section



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33 of the Securities and Exchange Commission of Pakistan Act, 1997 against four separate orders dated May 5, 2016, January 13, 2017 and June 2, 2017 respectively, (the Impugned Orders) passed by the Director, Adjudication-I SECP, (the Respondent) under Section 245 read with Section 476 of the Companies Ordinance, 1984 (the Ordinance).

2. The brief facts of the appeal mentioned hereinabove are that Dewan Automotive Engineering Limited (the Company) failed to submit its quarterly financial statements (the Accounts) of the following quarters with the Securities and Exchange Commission of Pakistan (the Commission) within the stipulated time specified under Section 245 of the Ordinance;

Appeal No. 38 of 2016		
S. No	Period Ended	Filing due on
1	December 31, 2014	February 28, 2015
2	March 31, 2015	April 30, 2015
3	September 30, 2015	October 31, 2015
Appeal No. 41 of 2016		
S. No	Period Ended	Filing due on
1	September 30, 2013	October 31, 2013
2	December 31, 2013	February 28, 2013
3	March 31, 2014	April 30, 2014
4	September 30, 2014	October 31, 2014
Appeal No. 25 of 2017		
S. No	Period Ended	Filing due on
1	December 31, 2015	February 29, 2016
2	March 31, 2016	April 30, 2016
Appeal No. 77 of 2017		
S. No	Period Ended	Filing due on
1	September 30, 2016	October 31, 2016



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3. In view of the above violation, the Respondent issued four separate show-cause notices (the SCNs) to the Appellants. Accordingly, the Appellants submitted four separate replies. Thereafter, four separate hearings were held and accordingly four orders were passed whereby penalties were imposed on the Appellants. Relevant details of SCNs, replies, hearings and penalties are as under;

Appeal No. 38 of 2016				
SCN Date	SCN Reply Date	Hearing Date	Impugned Order Date	Penalty (Rs.)
January 19, 2016	No Reply	April 15, 2016	May 5, 2016	10,000/- on each Director (Aggregate Penalty 70,000)
Appeal No. 41 of 2016				
SCN Date	SCN Reply Date	Hearing Date	Impugned Order Date	Penalty (Rs.)
January 6, 2015 and addendum dated January 19, 2016	No Reply	April 15, 2016	May 5, 2016	10,000/- on each Director (Aggregate Penalty 70,000)
Appeal No. 25 of 2017				
SCN Date	SCN Reply Date	Hearing Date	Impugned Order Date	Penalty (Rs.)
August 24, 2016	No Reply	September 6, 2016 and October 18, 2016	January 13, 2017	20,000/- on each Director (Aggregate Penalty 140,000)
Appeal No. 77 of 2017				
SCN Date	SCN Reply Date	Hearing Date	Impugned Order Date	Penalty (Rs.)
January 13, 2017	No Reply	February 6, 2017, April 24, 2017 and May 3, 2017	June 2, 2017	20,000/- on each Director (Aggregate Penalty 140,000)

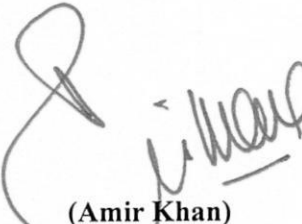
4. The Appellants have preferred the above-mentioned appeals *inter alia* on the grounds that the Appellants have never committed default of Section 245 of the Ordinance before these instances. The Appellants have also stated non-compliance occurred due to the shortage of staff. The Appellants have further submitted that 80% of its shareholding vests with the sponsors/ directors. The Appellants further




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stated that they have requested for extension of time to prepare the Accounts but they were not provided sufficient time. The Appellants further submitted that no complaint by any of the minority shareholders was received by the Commission. The Appellants further prayed that by considering these circumstances a lenient view may be taken by waiving the penalty.

5. The Respondent rebutted the grounds of Appeal and put forth the arguments that the law is very clear and settled to the point that every listed company has to submit its quarterly accounts, whereas the Appellants failed to prepare and submit the Accounts. The Respondent further stated that the Appellants have committed non-compliance with a mandatory requirement of the law, therefore, the Appeal may be dismissed.
6. The Appellate Bench (the 'Bench') has heard the arguments of both parties and perused the record. It has transpired that the Company did not file the Accounts with the Commission within the stipulated time. However, the Bench has noted that the Appellants have time and again approached the Commission for the extension to submit the quarterly accounts which shows the bonafide on the part of the Appellants. The Bench also considers that uncertainty in circumstances did not allow the Appellants to continue business in a proper manner. The Bench is of the opinion that a listed company has an immense responsibility to provide up-to-date financial and other information about the company to its stakeholders, however, circumstances in the subject four appeals were beyond the control of the Appellants. Therefore, considering the mitigating factors of the Appellant the Bench takes a lenient view.
7. In view of the above discussion, the Bench hereby converts the penalty into a warning. Therefore, we hereby dispose of all four appeals, without any order as to cost.


(Amir Khan)
Commissioner


(Mujtaba Ahmad Lodhi)
Commissioner

Announced on: 19 AUG 2024