



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department- I

Adjudication Division

ORDER	
Name of Company:	M/s. Dewan Cement Limited
Show Cause Notice No. & Date:	No. SCN/LCD/Adj-I/164734-779 dated September 23, 2025
Name(s) of Noticee(s):	(i) M/s. Dewan Cement Limited; and (ii) Mr. Ghazanfar Baber Siddiqi, CEO/Director
Date(s) of Hearing(s):	(i) October 14, 2025; and (ii) November 04, 2025
Case represented by:	(i). Mr. Mehmood-ul-Hassan Asghar, Director Group Corporate Affairs; and (ii). Mr. Muhammad Hanif German, Company Secretary <i>As the Authorized Representatives on behalf of all the Noticee(s).</i>
Provisions of law involved:	Section 218 of the Companies Act, 2017 read with Sections 219 and 479 thereof
Date of Order:	December 24, 2025

This Order shall dispose of the proceedings initiated by the Securities and Exchange Commission of Pakistan (the "Commission") through the Show Cause Notice No. SCN/LCD/Adj-I/164734-779 dated September 23, 2025 ("SCN") against M/s. Dewan Cement Limited (the "Company") and its Chief Executive Officer ("CEO"), hereinafter collectively referred to as the "Noticee(s)", for contravention of the requirements of sub-section (3) of Section 218 of the Companies Act, 2017 (the "Act") read with Sections 219 and 479 thereof.

2. The provisions of sub-section (3) of Section 218 of the Act stipulate that where a trust has been created by a company with respect to any provident fund or a contributory pension fund or any contributory retirement fund referred to in sub-section (2), the company shall be bound to collect the contribution of the employees concerned and pay such contributions as well as its own contributions, if any, to the trustees within fifteen (15) days from the date of collection, and thereupon, the obligations laid on the company by that sub-section shall devolve on the trustees and shall be discharged by them instead of the company.

3. The brief facts of the case are that during the examination of the Annual Audited Financial Statements for the year ended June 30, 2024 (the "Accounts") of the Company and review of the information provided by the Company through its letter dated July 17, 2025 in response to Commission's letter dated May 02, 2025, it was revealed that the Company maintains a provident fund trust (the "Trust") for its employees.

4. The information submitted by the Company regarding monthly payments revealed that the Company failed to transfer the provident fund trust contributions within the prescribed time i.e., fifteen (15) days, contrary to the requirements of Section 218 (3) of the Act. Tabulated details of the aforementioned information are outlined as under:

S No.	Month	Employee PF Contribution deduction date (Date of Collection)	Date of Deposit of total contribution in the bank account	Difference (in Days between Collection and Deposit)	Actual Delays from 15 days after collection (in Days)
1	Jul-23	31-Jul-2023	21-Aug-2023	21	6
2	Aug-23	31-Aug-2023	25-Sep-2023	25	10

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3	Sep-23	30-Sep-2023	31-Oct-2023	31	16
4	Oct-23	31-Oct-2023	11-Dec-2023	41	26
5	Dec-23	31-Dec-2023	04-Jun-2024	156	141
6	Jan-24	31-Jan-2024	04-Jun-2024	125	110
7	Feb-24	28-Feb-2024	04-Jun-2024	97	82
8	Mar-24	31-Mar-2024	04-Jun-2024	65	50
9	Apr-24	30-Apr-2024	30-Jun-2024	61	46
10	May-24	31-May-2024	30-Jun-2024	30	15

5. The non-compliance with the aforesaid provisions of the Act attract penal and compensatory action as provided under Section 219 of the Act which is reproduced below for ready reference:

“219. Penalty for contravention of section 217 or 218.— Any contravention or default in complying with requirements of sections 217 or 218 shall be an offence liable to a penalty of level 1 on the standard scale and shall also be liable to pay the loss suffered by the depositor of security or the employee, on account of such contravention.”

6. Accordingly, cognizance was taken for the alleged violation of law and a SCN was served upon the Noticee(s) to show the cause in writing as to why a penal action may not be taken against them for non-compliance of the aforementioned requirements of the Act. In response to the SCN, Mr. Hanif German (Company Secretary) and Syed Maqbool Ali, Director vide letter dated November 04, 2025, *inter alia*, submitted as under:

“The Company duly recognizes its liability for salaries and wages on monthly basis, and payments are made to employees accordingly. The Company collects/deducts the employees’ contribution to the provident fund at the time of salary disbursement, in accordance with the provisions of sub-section (3) of Section 218 of the Companies Act, 2017 (the “Act”). which states that: The company shall be bound to collect the contribution of the employees concerned and pay such contributions as well as its own contributions, if any, to the trustees within fifteen days from the date of collection.

Due to Company’s financial constraints and non-availability of working capital, salaries are generally delayed and disbursed during the following month. Consequently, the corresponding payment of provident fund contributions are to be made within the 15 days from the date of actual salary payment, not from the end of the month.

We, however, acknowledge that certain delays occurred in the transfer of provident fund contributions, particularly during the months from January 2024 to June 2024. All pending cheques for these contributions were duly handed over to the Trustees of the DCL Provident Fund till June 30, 2024.

The delay was primarily due to the temporary shutdown of the plant, which severely affected the Company’s operations and liquidity position. The delays were entirely unintentional and stemmed from unavoidable financial constraints, as is evident from the fact that multiple months contributions were subsequently paid on June 4 & June 30, 2024.

The Company sincerely regrets any inconvenience caused and ensures timely remittance of provident fund contributions going forward.

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In view of the above circumstances and the Company's continued commitment to statutory compliance, we humbly request that the proceedings initiated through the subject Show Cause Notice be withdrawn, and a lenient view be taken in this matter."

7. In order to meet the ends of justice, a hearing in the matter was first fixed for October 14, 2025, which was adjourned upon request of the Noticee(s). Subsequently, hearing was fixed for November 04, 2025 which was attended by Mr. Mehmood-ul-Hassan Asghar, Director Group Corporate Affairs and Mr. Muhammad Hanif German, Company Secretary, as the "Authorized Representatives" on behalf of all the Noticee(s). During the hearing, the Authorized Representatives reiterated the contents of the response vide letter dated November 04, 2025 and, *inter alia*, submitted that the provident fund (PF) payments are made along with the salary. There have been cash flow constraints due to which salaries have been delayed which then resulted in further delays in deposit of collected amounts into the Trust where the closure of plants at different times was the reason for the delay in payment of salaries to the employees. Furthermore, upon query of the Adjudicating/Authorized Officer, it was confirmed that no compensation has been made on account of delays in payment of PF and also that no interest was charged on delayed payments. The Authorized Representatives also sought leniency in the matter.

8. I have gone through the relevant provisions of Section 218 of the Act, considered the facts of the case and the written and verbal submissions of the Authorized Representatives on behalf of all the Noticee(s). I have also perused Section 219 of the Act, which stipulates penal and compensatory provisions for contravention of the afore-referred provisions of law. It is observed that the provisions of Section 218(3) of the Act are mandatory, clear and unambiguous and demand that the amounts collected from employees along with Company's own contributions in pursuance of the contracts of employees' service are in the nature of trust moneys in the hands of a company and the same must be paid to the Trustees within the prescribed timelines i.e. fifteen (15) days. Clear guidance on this aspect is available in the case cited as 2010 CLD 60 [Dandot Cement Company Ltd.], the company failed to pay the provident fund contributions to provident fund trust within fifteen (15) days of collection as required under Section 227 of the then Companies Ordinance, 1984 (*pari materia* to Section 218 of the Act) and failed to repay its past liabilities towards provident fund trust. It was thus aptly observed therein that "*...the amounts collected from employees as contributions to a provident fund constituted by the company are in the nature of trust moneys in the hand of a Company and the same must be paid to the trustees within the stipulated time...*" [reliance also placed on 2009 CLD 951]. It is crucial that such payments are made by a company to the trustees in a timely manner in order to enable the trustees to fulfill their obligations of managing/ investing such amounts in accordance with the law. In this respect, an order passed by the Appellate Bench of the Commission [Appeal No. 75 of 2021] is considered relevant, where it was held that "*...Section 218 of the Act prescribes a clear timeline for the deposit of all monies into the requisite account within 15 days...*". It is, therefore, evident that in the instant matter by not paying the Provident Fund's contribution amounts to the Trustees in a timely manner, the Company restricted the ability of the respective Trustees to perform their due responsibilities as envisaged in sub-section (3) of Section 218 of the Act.

9. In the instant matter, it has also been observed that the provisions of Section 218 of the Act do not, in any way, grant any exception from the mandatory requirement to deposit the contribution amounts within the prescribed timeline of fifteen (15) days. The argument of cash flow constraints may have some weight as the delay in payment of salaries would intrinsically and naturally result in delay of collection of contributions. However, any delay beyond the stipulated time after such collection is not acceptable and actually amounts to the Company using such collection for its own operation. Clear guidance in the matter can be sought from 2010 CLD 60 [Dandot Cement Company Ltd.], where it was determined that "*...Compliance with the said provisions of the Ordinance also become important due to the fact that such amounts are unsecured and in case a Company goes insolvent, the employees would be the worst victims.*"

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The Companies therefore cannot be allowed to withhold such moneys on any pretext whatsoever and any default in this regard cannot be ignored.”

10. After careful consideration of all the facts of the case, in light of the relevant provisions of the law and the written and verbal submissions made by the Company and its Authorized Representatives, it is established beyond doubt that the Noticee(s), by failing to transfer the provident fund trust contributions within the prescribed time i.e., fifteen (15) days; have contravened the provisions of sub-sections (3) of Section 218 of the Act and are liable for penal and compensatory action under Section 219 of the Act read with Section 479 thereof. I, therefore, in exercise of the powers conferred under Section 219 of the Act in terms of S.R.O. 1545(I)/2019 dated December 6, 2019, conclude the instant proceedings with imposition of an aggregate penalty of **Rs. 50,000/- (Pak Rupees Fifty Thousand Only)** on the Noticee(s) on account of the aforesaid established default in the following manner:

Sr. #	Name(s) of Noticee(s)	Penalty (Rs.)
1.	M/s. Dewan Cement Limited	25,000/-
2.	Mr. Ghazanfar Baber Siddiqi, CEO/Director	25,000/-
	Total	50,000/-

11. Furthermore, the Noticee(s) are also **ADVISED** to ensure meticulous compliance with all applicable laws in true letter and spirit, henceforth; while the Noticee No. (i) i.e., *the Company*, is **ADVISED** to compute the loss incurred by the Trust due to delayed deposit/payment, of both employees' contributions and the Company's own contributions based on the promised rate of return on pending payments for the subject review period and shall remit the same to the Trustees of the Provident Fund within a period not exceeding sixty (60) days from the date of this Order and provide an auditor's certificate verifying such compensation so made. The Company is further advised to report compliance of this direction to the Commission duly, approved by the Board of Directors of the Company, within the afore-mentioned stipulated time without fail.

12. The Noticee(s) are, hereby, directed to deposit the aforesaid amount of penalty in the designated bank account maintained in the name of the Commission with MCB Bank Limited or United Bank Limited within thirty (30) days from the date of this Order and to furnish a receipted bank challan to the Commission forthwith. In case of failure to deposit the penalty, the proceedings under Section 485 of the Act will be initiated for recovery of the fines as arrears of land revenue pursuant to provision of Section 42B of the Securities and Exchange Commission of Pakistan Act, 1997.

13. Without prejudice to the above, in case the Noticee(s) are aggrieved by this Order, they may, within thirty days of the Order, prefer to file review application in terms of Section 32B of the Securities and Exchange Commission of Pakistan Act, 1997 ("SECP Act") or may file an appeal to Appellate Bench of the Commission in terms of Section 33 of the SECP Act in accordance with the procedure for filing an appeal as laid down under the Securities and Exchange Commission of Pakistan (Appellate Bench Procedure) Rules, 2003.


1-12-2025

Sohail Qadri
Director/ HOD
Adjudication Department-I

Announced:

Dated: December 24, 2025

Islamabad

Order Ref. No: 164734