



Securities Market Division  
Licensing and Capital Issue Department (LCID)

Before Director/HOD (LCID)

In the matter of Show Cause Notice issued Section 22 of the Securities and Exchange Ordinance, 1969,  
to Descon Oxychem Limited

**Date of Hearing:**

November 04, 2015

**Present at Hearing:**

*Representing the Respondent:*

(i) Mr. Mr. Salman Ali,  
Incharge legal Corporate Services  
Descon Engineering Limited

(ii) Mr. Salman Zaheer Khan,  
Advocate

*Assisting the Director/HOD(LCID)*

(i) Mr. Muhammad Farooq,  
Joint Director, SECP

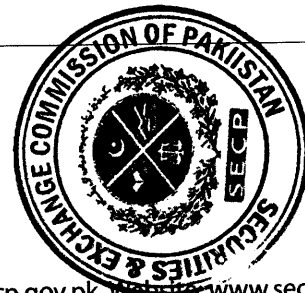
## Order

This Order will dispose of the proceedings initiated under section 22 of the Securities and Exchange Ordinance, 1969 ("**Ordinance**") by the Securities and Exchange Commission of Pakistan ("**Commission**") through show cause notice No. 1(10)SMD/LCID/2015 dated September 16, 2015 ("**Notice**") against Descon Oxychem Limited ("**Respondent**")

2. The facts of the matter leading up to aforesaid Notice are that the Respondent vide letter dated April 14, 2015 intimated to Karachi Stock Exchange (**KSE**) that its board meeting was scheduled on April 21, 2015 for considering its financials. The chronological summary of events is as under:-

Date	Event
April 14, 2015	Respondent announced that its board meeting would be held on April 21, 2015
April 21, 2015	Board meeting started at 2:30 p.m. At 4:40 p.m, the Respondent intimated that meeting was still in progress
April 22, 2015	Respondent announced financial results with loss per share of 0.23 paisha at 10:30 am.
April 23, 2015	At 10:29 a.m, Respondent announced decision to issue 110 million right shares at par.

SECURITIES & EXCHANGE  
COMMISSION OF PAKISTAN  
NIC Building, 63 Jinnah Avenue,  
Islamabad, Pakistan



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PABX: +92-51-9207091-4, Fax: +92-51-9218595, Email: webmaster@secp.gov.pk, Website: www.secp.gov.pk



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN  
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3. The Respondent disclosed the financial results to Karachi Stock Exchange (KSE) on April 22, 2015. However, it did not disclose decision of the Board for issuance of right shares, which was also approved in same board meeting. The decision for issuance of right shares was communicated to KSE on April 23, 2015 at 10:29 a.m. with considerable delay *prima facie* in contravention of Commission's Directive S.R.O. 1431 (1)/2012, dated December 5, 2012, issued under Section 15D of the Ordinance. The text of the Directive is reproduced hereunder:-

*All the listed companies as well as the persons specified above shall immediately file with the Commission and communicate the same simultaneously to the stock exchange(s) on which these are listed, the details as to the inside information and ancillary matters in the attached Form, upon the occurrence of any one or more of the events which may effect the price of a listed security. The stock exchanges shall immediately disseminate the information and also ensure posting of same on their website.*

*Explanation: In para 2 above, the expression "immediately" implies that the listed company or the persons upon whom disclosure requirement imply, shall file the relevant information with the Commission and Stock Exchanges before the commencement of the next day's trading on the Stock Exchanges and within twenty-four (24) hours after occurrence of the event.*

4. The Commission took cognizance of the aforesaid contraventions and issued Notice to the Respondent under section 22 of the Ordinance calling upon it to explain through written reply along with documentary evidence, if any, as to why action may not be taken against it pursuant to section 22 of the Ordinance, for contraventions of aforesaid directive of the Commission. The Company Secretary of the Respondent vide letter dated September 28, 2015 filed written response to the Notice.

5. Furthermore, in order to provide an opportunity of being heard in person, the matter was scheduled for hearing as November 4, 2015. On the given date, Mr. Salman Ali, In-charge Legal Corporate Services of the Descon Engineering limited and Mr. Salman Zaheer Khan, Advocate of Cornelius, Lane and Mufti. Advocates and Solicitors (**Authorized Representatives**) attended the hearing on behalf of the Respondent. The submission submitted in writing as well as verbally on behalf of the Respondent are summarized as under:-

i. *The Board Meeting held on April 21, 2015 was concluded after the close hour of the Karachi Stock Exchange, therefore, the financial results for quarter ended March 31, 2015 were communicated to KSE on April 22, 2015, but regrettably, the matter of intimation of right issue of preference shares was over looked.*

ii. *On realization of the omission, the matter of right issue of preference shares was*

NIC Building, Jinnah Avenue, Blue Area, Islamabad  
Tel. No. 051-9225224, Fax No. 051-9100440





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*communicated to KSE very next day i.e. April 23, 2015 at 10:29 a.m. The omission and delay in communication was committed unintentionally.*


*iii. The Authorized Representative assured that the Respondent will assure fully compliance of the legal requirement in this regard, in future and requested that the inadvertent violation may be condoned.*

6. I have heard the Authorized Representatives of the Respondent and considered the submissions made in writing as well as verbally during the course of personal hearing and reviewed the record of this office. The Respondent admitted the default of late intimation the decision of issue of right shares to KSE. Moreover, the Respondent assured that such default would not be repeated in future. Considering the submissions made by Authorized Representatives coupled with the fact that the Respondent rectified the omission on its own motion, I am taking a lenient view of the matter and not imposing any monetary penalty on the Respondent. However, the Respondent is advised to ensure compliance of the regulatory framework in future.

7. 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.

Islamabad.  
Announced on November 17, 2015



  
(Nasir Askar)  
Director/HOD (LCID) 17/11/2015