



Securities and Exchange Commission of Pakistan
Company Law Division
Corporatization & Compliance Department

Before
Commissioner (Corporatization and Compliance Department)

In the matter of

M/s. HOUSE BUILDING FINANCE COMPANY LIMITED
ORDER

under Rule 25 of the Public Sector Companies (Corporate Governance) Rules 2013 read
with Section 506(2) of the Companies Ordinance, 1984

Number and date of show cause notice: No. CCD/PSC/79/2015/IAN-42/12/2016-7984 dated April 28, 2016.

Present: Mr. Pervez Said, Managing Director alongwith Mr. Tahir Siddiqui, EVP and Mr. Abdul Waheed, EVP.

Date of Hearing: May 24, 2016

Place of Hearing: Islamabad.

This Order shall dispose of proceedings initiated against the Chief Executive and Directors/ Officers of M/s. House Building Finance Company Limited (the “Company”) for default made in complying with the requirements of rule 24 of the Public Sector Companies (Corporate Governance) Rules, 2013 (the “Rules”).

2. The brief facts leading to the show cause notice are that the Company, being a public sector company, was required under sub-rule (1) and (2) of rule 24 of the Rules to publish, circulate and file with Commission, a Statements of Compliance (SOC) and review report from the auditor for the years ended June 30, 2014 and June 30, 2015. However, it has failed to do so for which a show cause notice dated April 28, 2016 (the “SCN”) was issued calling upon the Company and its directors/ officers to explain in writing and also to appear in person or through authorized representative for hearing on May 24, 2016 to clarify the position.

3. In response to the above SCN, the Company’s representative, vide letter dated May 09, 2016 stated that the SOC for the years ended December 31, 2012, 2013 and 2014 have been prepared and are under review of the external auditor and will be placed before the board of directors and shareholders in Annual General Meeting (“AGM”) as soon as the same are prepared and will be filed with the Commission by August 31, 2016. It was further stated that SOC for the year 2015 is under preparation alongwith financial statements and will be placed before the board of directors and shareholders as the same are prepared and reviewed by external auditors.

4. The Company's representatives also attended the hearing on May 24, 2016 and reiterated the above stated position and requested for extension of four month time for submission of SOC for the year 2015. It has been noted that the Company has filed SOC for the year 2014 late on September 06, 2016. The Company vide its letter dated December 27, 2016 further informed that the board of directors of the company was dysfunctional from 2012 to October 2014 and the current board was formed by the Ministry of Finance in October 2014 and that financials for the years ended December 31, 2012, 2013 and 2014 were approved by the members in AGM held on July 28, 2016. It has also been stated that the statutory audit for the year ended December 31, 2015 has been initiated and financial statement alongwith SOC will be presented before the Audit committee, board and members as soon as the same is completed. The Company has also requested time till March 2017 for filing of SOC for the year 2015.

5. I have gone through the relevant provisions of the Rules, and other record of the Company and observed that sub-rule (1) of rule 24 of the Rules requires that every public sector company shall publish and circulate a statement along-with its annual report to set out the status of its compliance with the Rules, and shall also file the same with the Commission and the registrar concerned along-with its annual report. Further, sub-rule (2) of rule 24 of the Rules requires that the Company shall ensure that SOC with the rules is reviewed and certified by the external auditors, where such compliance can be objectively verified, before its publication. I have also perused rule 25 of the Rules which provide penalty for contravention of the rules.

6. Based on the above, it is apparent that the Company and its directors have violated the mandatory requirements of rule 24 of the Rules by not filing SOC for the years 2014 and 2015 in time. However, as the Company filed SOC for the year 2014 later on, I therefore, take a lenient view and instead of imposing maximum penalty as provided under the law, impose fine of Rs. 50,000/- (Rupees Fifty thousand only) on the Chief Executive of the Company only. The Chief Executive is, hereby, directed to deposit the amount of penalty in the Commission's account within 30 days of the receipt of this Order and furnish original receipt/challan of the same to this office for record. In case of non-payment of penalty within the specified time, the same will be recovered under the provisions of law. The Company and its directors including its Chief Executive are also directed to submit the SOC for the year 2015 till March 31, 2017.

7. This order is issued without prejudice to any other action(s) that may be initiated against the Company and its directors/officers responsible for the violations of the aforesaid provisions of the Rules and the Ordinance.


(Tahira Mahmood)
Commissioner (CCD)

Announced:
January 02, 2017

NIC Building, 63-Jinnah Avenue, Islamabad
PABX: 051-9207091-4 UAN: 111-117-327 Fax: 051-9100448
Website: www.secp.gov.pk