



Corporate Supervision Department
Company Law Division

Before Ms. Amina Aziz – Director (CSD)

In the matter of

Huffaz Seamless Pipe Industries Limited

Number and date of SCN: CSD/ARN/14/2015-1039-49, dated September 26, 2016

Date of Hearing November 17, 2016

Present for Respondent Mr. Usama Ahmed, Authorized Representative

ORDER

UNDER SECTION 245 READ WITH SECTION 476 OF THE COMPANIES ORDINANCE, 1984

This order shall dispose of the proceedings initiated against the following directors including the chief executive officer (together referred to as "respondents") of **Huffaz Seamless Pipe Industries Limited** (the "Company"):

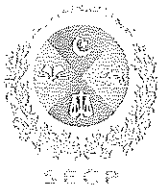
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|----|-----------------------------------|----|------------------------------|
| 1 | Mr. Abdul Aziz Eshaq A. Rahman | 5 | Mr. Hafiz Abdul Majid |
| 2 | Mr. Arshad Ahmed | 6 | Mr. Hafiz Abdul Sami |
| 3 | Mr. Hafiz Abdul Aleem | 7 | Mr. Hafiz Abdul Waheed |
| 4 | Mr. Hafiz Abdul Haseeb | 8 | Mr. Muhammad Hafiz |
| 9 | Mr. Nabil Abdul Rahman Ahmed Arif | 10 | Mr. Yousuf Mohammad Y Najibi |
| 11 | Mr. Syed Arsalan Sadiq | | |

The proceedings against the respondents were initiated through show cause notice (the "SCN") dated September 26, 2016 under the provisions of section 245 read with section 476 of the Companies Ordinance, 1984 (the "Ordinance").

2. The brief facts of the case are that the Company did not file the interim financial statements ("Quarterly Accounts") for the following periods with the Commission, in a timely manner as per requirements of section 245 of the Ordinance:

Quarter Ended	Due On	Received On	Delay (days)
31-Dec-15	29-Feb -16	14-July-16	136
31-Mar-16	30-Apr-16	26-July-16	87

Consequently, the SCN was issued to the respondents whereof they were called upon to show cause in writing within fourteen days as to why penal action may not be taken against them under sub-section (3) of section 245 of the Ordinance for not filing the aforesaid Quarterly Accounts with the Commission in a timely manner, as per requirements of the law.



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3. In response to the SCN, the respondents vide letter dated October 10, 2016 submitted that the delay in submission of the half yearly accounts was due to late completion of half yearly audit by auditors and therefore late convening of meeting of the board of directors to approve the half yearly accounts. The company also stated that the 3rd quarter accounts were delayed due to the late approval of half yearly accounts. The directors also made an unconditional apology for the irregularity and undertook for avoiding such delay in future.

4. In hearing held on November 17, 2016, Mr. Usama Ahmed, Authorized Representative of the Respondents, appeared before the undersigned and submitted that the delay in submission of accounts was due to an issue with the auditors which led to delay in half yearly accounts as well as the third quarterly accounts. He assured of future compliance and apologized on behalf of the company.

5. Before proceeding further, it is necessary to advert to the following relevant provisions of the Ordinance.

In terms of sub-section (1) of section 245 of the Ordinance read with Commission's circular no. 9 dated March 19, 2003, all listed companies are, inter alia, required to file their quarterly accounts with the Commission within stipulated time i.e. one month from the close of first and third quarters and two months from the close of second quarter.

Sub-section (3) of section 245, inter alia, provides as under:

(3) If a company fails to comply with any of the requirements of this section, every director, including chief executive and chief accountant of the company who has knowingly by his act or omission been the cause of such default shall be liable to a fine of not exceeding one hundred thousand rupees and to a further fine of one thousand rupees for every day during which the default continues.

In terms of the Commission's notification SRO 1003 (I)/2015 dated October 15, 2015, the powers to adjudicate cases under section 245 have been delegated to the Director (Corporate Supervision Department).

6. I have analyzed the facts of the case, relevant provisions of the Ordinance, and submissions made by the respondents. Before deciding upon on matter I would like to highlight that the requirement to circulate interim accounts was introduced so that the shareholders could have timely access to information about the affairs of companies. Keeping in view the fact that timing of interim financial statements is of essence the disclosure and audit requirements of these accounts have been kept to a bare minimum. Interim financial statements prepared properly and in a timely manner not only provide to its users a reliable source of information regarding a company's financial position and performance but these also show the results of management's stewardship of resources entrusted to it. In order to ensure transparency, all the companies must meticulously follow the legal requirement for preparing and circulation of interim accounts. In addition to their responsibility of overseeing and managing affairs of the Company, directors also have fiduciary duties towards the Company and its shareholders. They are, therefore, liable to a higher level of accountability which requires them to be vigilant and perform their duties with



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care and prudence. It is directors' responsibility to oversee the functioning of the company, to keep it appropriately staffed and organized to ensure due compliance of law.

7. It is clear that the aforesaid Quarterly Accounts of the Company were not filed by the Company in time. Keeping in view of the assurance of future compliance by the company, I hereby impose a token fine of Rs5000 on the each of respondents aggregating to Rs. 55,000/- for contravening the provision of section 245 of the Ordinance. The respondents are directed to deposit the fine in the following manner:

S.#	Names of Directors	Amount in Rs.
1	Mr. Abdul Aziz Eshaq A. Rahman	5000
2	Mr. Arshad Ahmed	5000
3	Mr. Hafiz Abdul Aleem	5000
4	Mr. Hafiz Abdul Haseeb	5000
5	Mr. Hafiz Abdul Majid	5000
6	Mr. Hafiz Abdul Sami	5000
7	Mr. Hafiz Abdul Waheed	5000
8	Mr. Muhammad Hafiz	5000
9	Mr. Nabil Abdul Rahman Ahmed Arif	5000
10	Mr. Yousuf Mohammad Y Najibi	5000
11	Mr. Syed Arsalan Sadiq	5000
	TOTAL	55,000

The aforesaid fines must be deposited in the designated bank account maintained with MCB Bank Limited in the name of the "Securities and Exchange Commission of Pakistan" within thirty days from the receipt of this order and receipted bank vouchers must be furnished to the Commission. In case of non-deposit of the fine, proceedings for recovery of the fines as arrears of land revenue will be initiated. It may also be noted that the aforesaid fines are imposed on the respondents in their personal capacity; therefore, they are required to pay the said amount from personal resources.

Amina Aziz
Director (CSD)

Announced:
December 13, 2016
Islamabad