

Before Amir Saleem, Additional Director/Head of Wing

In the matter of Show Cause Notice issued to Huffaz Seamless Pipe Industries Limited

Dates of Hearing

January 26, 2021, February 4, 2021 & February 24, 2021

Order-Redacted Version

Order dated April 30, 2021 was passed by Additional Director/Head of Wing (Adjudication-I) in the matter of Huffaz Seamless Pipe Industries Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated December 23, 2020
2. Name of Company	Huffaz Seamless Pipe Industries Limited
3. Name of Individual*	The proceedings were initiated against the Board of Directors including the CEO and CFO of the Company.
4. Nature of Offence	In view of alleged of Section 237 read with Section 479 of the Companies Act, 2017.
5. Action Taken	<p>Key findings were reported in the following manner:</p> <p>I have analyzed the facts of the case, relevant provisions of the Act and the information available on record. The aforementioned provisions of the law are unambiguous and explicit. The fact that timing of interim financial statements is of essence, the disclosure requirements of these accounts have been kept to a bare minimum. Interim financial statements prepared accurately and in a timely manner provide to its users a reliable source of information regarding a Company's financial position and performance, besides illustrating the results of the management's stewardship of resources entrusted on to it. In order to ensure transparency, all companies must meticulously adhere to the law for preparation and circulation of interim financial statements. Moreover, directors have fiduciary duties towards the Company and its shareholders while providing information to various stakeholders concerning their performance as to how diligently and ethically they are discharging their fiduciary duties and responsibilities. Directors are obliged to ensure that such mechanisms are in place, and appropriate actions be taken, whereby financial and operational reporting of the company is timely achieved, whilst ensuring due compliance of the law.</p>

	<p>It is pertinent to note that Respondents have deprived the shareholders of their statutory right to receive the interim financial statements of the Company within the prescribed time. The preparation and circulation of quarterly accounts rests with the directors of the Company who are required to take appropriate action within the time stipulated under the law. The Company's unsatisfactory compliance history, corroborated by current defaults, evidently exhibits that its directors are not making any genuine efforts to adhere to the legal framework.</p> <p>In view of the preceding facts, I have concluded that the pertinent provisions of the statute have been violated, which renders the Respondents liable to penal action in terms of Section 237 of the Act as a result of failing to electronically transmit the Company's interim financial statements for the periods ended September 30, 2019, December 31, 2019, March 31, 2020 and September 30, 2020 with the Commission within the statutory timeframes.</p> <p>Therefore, in exercise of powers conferred under sub-section (4) of Section 237 of the Act, I hereby impose a fine of Rs. 10,000/- (Rupees ten thousand only) for each of the afore-mentioned default periods on each Respondent.</p>
6. Penalty Imposed	Penalty aggregating Rs. 560,000/- (Rupees five hundred and sixty thousand only) was imposed on the Respondents.
7. Current Status of Order	No Appeal has been filed by the Company.

Redacted version issued for placement on website of the Commission.