



Securities and Exchange Commission of Pakistan

Adjudication Division
Adjudication Department-I

Before Ali Azeem Ikram, Executive Director/HOD (Adjudication-I)

In the matter of Diamond Industries Limited

Dates of Hearing

November 26, 2020

Order-Redacted Version

Order dated January 8, 2021 was passed by Executive Director/Head of Department (Adjudication-I) in the matter of Diamond Industries Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated January 14, 2019
2. Name of Company	Diamond Industries Limited
3. Name of Individual*	The proceedings were initiated against the directors of the Company i.e. Diamond Industries Limited
4. Nature of Offence	Violations of section 183 and section 134 and section 140 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 examined the facts of the case, that as per the information shared, the directors, associated family members and other associates were holding around 87% shareholding of the Company, and they were in a position to comply with the given requirements of section 183(3)(a) of the Act, however, they proceeded to enter into a lease agreement dated June 10, 2017, and sought for post facto approval. The Authorized Representative during the hearing and in written submissions also agreed that non-compliance was there, however, highlighted reasons and business decision to protect the interest of various stakeholders. I, am of the view that business judgement of the Respondents does not exonerate them for not ensuring compliance of the requirements of section 183 of the Act.</p> <p>2. In the aforementioned matter, as per available record, lease arrangements were entered in violation of the requirements of section 183(3)(a) of the Act, due to the urgency involved as cited by</p>



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	<p>the Authorized Representative, and shareholders were deprived from key and relevant information, in contradiction with the requirement of Section 183, section 134 and section 140 of the Act and SRO 1227/2005.</p> <p>A penalty of Rs. 210,000 only (Rupees two hundred and ten thousand), Rs. 30,000 per Respondent, was imposed on the Respondents in the following scale: (i) U/s 183 a total penalty of Rs. 70,000/- (ii) U/s 134 a total penalty of Rs. 70,000 and (iii) U/s 140 a total penalty of Rs. 70,000/-.</p> <p>Nothing in this Order may be deemed to prejudice the operation of any provision of the Act providing for imposition of penalties in respect of any default, omission or violation of the Act.</p>
6. Penalty Imposed	Penalties were deposited.
7. Current Status of Order	No Appeal has been filed by the respondents.

Redacted version issued on June 10, 2021 for placement of website of the Commission.