



# SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

## Adjudication Department- I

### Adjudication Division

Before  
**Mahboob Ahmad – Additional Director/  
Head of Listed Companies Wing**

*In the Matter of*

**Hascol Petroleum Limited**

Number and Date of SCN: CSD/ARN/554/2015-104 dated August 09, 2023

Hearing Dates: October 2, 2023

Present: Mr. Farhan Ahmad, Company Secretary and  
Mr. Amad Uddin, CFO

### ORDER

#### Under Section 237 of the Companies Act, 2017 and Section 479 thereof

This Order shall dispose of the proceedings initiated through Show Cause Notice dated August 09, 2023 (the SCN) issued under Section 237 of the Companies Act, 2017 (the Act) read with Section 479 thereof, to the Board of Directors including the chief executive and Chief Financial Officer (CFO) (collectively referred to as the Respondents) of Hascol Petroleum Limited (the Company).

2. Brief facts of the case are that the Company failed to electronically transmit its quarterly financial statements for the following period with the Securities and Exchange Commission of Pakistan (the Commission) within the stipulated time period pursuant to Section 237 of the Act read with Circular No. 24 of 2017 (the Circular):

Sr. #	Period ended	Filing due on	Date of Transmission
1	March 31, 2023	April 30, 2023	Not Transmitted till date of SCN

3. The Respondents, *prima facie*, contravened the provisions of Section 237 of the Act read with the Circular by failing to electronically transmit the aforementioned quarterly financial statements with the Commission within the stipulated time. Consequently, the SCN was issued to the Respondents to show cause in writing as to why penal action may not be taken against them for non-compliance of Section 237 of the Act.

4. In this regard, Company wide letter dated August 23, 2023, *inter alia*, submitted that:

- The Company has recently announced its annual financial results for the year ended 31 December 2022 on 03 August 2023 and subsequently published its Notice of AGM on 09 August 2023 to hold its AGM 31 August 2023 for approval of annual accounts of December 2022. The necessary filing with the SECP in this regard has also been completed.



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- It is evident that the first quarterly accounts for the period ended 31 March 2023 cannot be disclosed / transmitted prior to holding of AGM for the 2022 Annual accounts. The management is hopeful to convene its Audit Committee and Board Meeting for approval of its first quarterly accounts of March 2023 in the month of September 2023 after holding its AGM on August 31, 2023.
- The Company also placed reliance on its earlier letter dated June 13, 2023 in terms of which it was stated that independent firm was hired to conduct an "Agreed Upon Procedures" under the applicable International Auditing Standards to cover core areas of financial statements wherein the external auditors required in depth verification and reconciliation work done over a ten to twelve years period so that balances of accounts heads were accurately calculated and reported. This exercise was started in October 2022 and was completed in May 2023.
- Keeping in view of the aforesaid efforts of the Company to ensure the financial statements are prepared and presented in a way to give a true and fair view, the Commission is requested to condone the delay in transmission of first quarterly accounts of March 2023 by the Company.

5. To provide opportunity of personal representation, hearing in the matter was fixed for October 2, 2023. On the date of hearing, Mr. Farhan Ahmad, Company Secretary and Mr. Amad Uddin, CFO appeared as authorized representatives. During the hearing, the Authorized Representatives reiterated stance as given in writing through reply dated August 23, 2023. It was informed that first quarterly financial statements for the period ended March 31, 2023 were transmitted on September 5, 2023. It was requested to take lenient view in the matter.

6. The relevant provisions of the Act stipulate as under:

Sub-section (1) of Section 237 of the Act read with the Commission's Circular No. 24 dated October 19, 2017 entails:

- 1) *Every listed company shall prepare quarterly financial statements within a period of:-*
  - a) *thirty days from the close of first and third quarters of its year of accounts; and*
  - b) *sixty days from the close of its second quarter of its year of accounts.*
- 2) *The quarterly financial statements shall be posted on the company's website for the information of its members and also be transmitted electronically to the Commission, securities exchange and with the registrar within the period specified under sub-section (1).*

Sub-section (4) of Section 237 read with Section 479 of the Act stipulates that:

*If a company fails to comply with any of the requirements of this section, every director, including chief executive and chief financial officer of the company who has by his act or omission been the cause of such default shall be liable to a penalty of level 2 on the standard scale.*



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7. The relevant provisions of the Act stipulate as under:

Sub-section (1) of Section 237 of the Act read with the Commission's Circular No. 24 dated October 19, 2017 entails:

- 1) *Every listed company shall prepare quarterly financial statements within a period of :-  
a) thirty days from the close of first and third quarters of its year of accounts; and  
b) sixty days from the close of its second quarter of its year of accounts.*
- 2) *The quarterly financial statements shall be posted on the company's website for the information of its members and also be transmitted electronically to the Commission, securities exchange and with the registrar within the period specified under sub-section (1).*

Sub-section (4) of Section 237 read with Section 479 of the Act stipulates that:  
*If a company fails to comply with any of the requirements of this section, every director, including chief executive and chief financial officer of the company who has by his act or omission been the cause of such default shall be liable to a penalty of level 2 on the standard scale.*

8. As regards the matter at hand, I have analyzed the facts of the case, relevant provisions of the Act, and the arguments put forth during the course of the hearing as well as the written correspondence made. In this regard, it is observed that:

(i) The provisions of Section 237 are unambiguous and explicit. The timing of quarterly financial statements is of essence and the disclosure requirements of these quarterly financial statements have been kept to a bare minimum. Quarterly financial statements prepared accurately 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 also shows the results of the management's stewardship of resources entrusted on to it. In order to ensure transparency, the Respondents have fiduciary duty to ensure that the Company must meticulously adhere to the law for preparation and transmission of quarterly financial statements. Moreover, the Respondents in addition to their responsibilities of overseeing and managing the affairs of the Company, also have fiduciary duties towards the Company and its shareholders. It is the responsibility of the Respondents to oversee the functioning of the Company, to keep it appropriately organized to ensure due compliance of the law. In this context, Respondents cannot absolve themselves from their duties pertaining to preparation and transmission of quarterly financial statements in a timely manner as stipulated under the Act.

(ii) The Respondent during the course of the proceedings submitted that in order to ensure that the financial statements be issued having true and fair view carried out "Agreed Upon Procedures" for verification and reconciliation work done over ten to twelve years period mainly caused delay in finalization of the corresponding financial statements for the year ended December 31, 2022. Due to the aforesaid reason, quarterly financial statements for the period ended March 31, 2023 were not finalized. In this regard, I am of the view that it is the fiduciary duty of the Respondents to ensure that financial statements of the



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Company present a true and fair view as per the requirements of the Act and to transmit its quarterly financial statements within the stipulated time.

- (iii) The preparation and transmission of quarterly financial statements within the statutory timeframes rest with the Respondents. In this context, perusal of Company records transpires that the Respondents failed to electronically transmit the Company's quarterly financial statements for the periods ended on March 31, 2023 pursuant to Section 237 of the Act read with the Circular. The aforesaid financial statements were authorized for issue on September 5, 2023 i.e. with delay of 126 days. The said financial statements are available on the website of the Company. Moreover, in view of the previous record of delay in transmission of the quarterly financial statements of the Company the instant default of Section 237 of the Act is repetitive. It is also highlighted that the Company in its correspondence did not inform about seeking any extension in time from the Commission for transmission of its first quarterly accounts for the period ended March 31, 2023. Moreover, I am of the view that subsequent compliance for transmission of quarterly financial statements of the Company for the said period on September 5, 2023, does not exonerate the Respondents, from non-compliance of the Section 237 of the Act. The transmission of quarterly financial statements within the stipulated time is of essence and the provision of financial information through quarterly financial statements enables the shareholders to make informed decisions in a timely manner. Hence, the arguments for delayed transmission of quarterly financial statements are not cogent and the default under the provisions of Section 237 of the Act is attracted.

9. In view of above, I have come to the conclusion that the afore-said provisions of the Act have been violated and it 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 quarterly financial statements for the period ended March 31, 2023 with the Commission within the stipulated timeframe. Therefore, in exercise of powers conferred under sub-section (4) of Section 237 of the Act, I hereby impose an aggregate penalty of Rs. 320,000/- (Rupees Three Hundred Twenty Thousand only) on the Respondents as follows:

Sr. #	Name of Respondent	Amount in Rupees
1	Mr. Aqeel Ahmed Khan	40,000/-
2	Mr. James Carter Alan Duncan	40,000/-
3	Mr. Mustafa Ashraf	40,000/-
4	Mr. Zafar Iqbal Chaudhry	40,000/-
5	Mr. Farid Arshad Masood	40,000/-
6	Mr. Abdul Aziz Khalid	40,000/-
7	Mr. Mohammad Zubair	40,000/-
8	Mr. Amad Uddin	40,000/-
Total		320,000/-



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10. The aforementioned penalties must be deposited in the designated bank account maintained with MCB Bank Limited or United Bank Limited in the name of the *Securities and Exchange Commission of Pakistan* within thirty (30) days from the receipt of this Order, and duly deposited bank challan shall be furnished to the Commission. In case of non-deposit of the penalties, proceedings for recovery under Section 485 of the Act as arrears of land revenue will be initiated. It may also be noted that the penalty has been imposed on the Respondents in their personal capacity; therefore, they are required to pay the said amount from personal resources.

11. Nothing in this Order may be deemed to prejudice the operation of any provisions of the Act providing for imposition of penalties on Respondents in respect of any default, omission or violation thereof.

**Mahboob Ahmad**  
Additional Director/ Head of Wing  
Listed Companies Wing,  
Adjudication Department - I

**Announced:**  
October 11, 2023,  
Islamabad