

Before Amir M. Khan Afridi, Director/HOD (Adjudication-I)

In the matter of Show Cause Notice issued to Husein Industries Limited

---

Dates of Hearings

March 18, 2021, April 28, 2021, May 28, 2021

---

**Order-Redacted Version**

Order dated June 14, 2021 was passed by Director/Head of Department (Adjudication-I) in the matter of Husein Industries Limited Relevant details are given as hereunder:

<b>Nature</b>	<b>Details</b>
1. Date of Action	Show cause notice dated February 18, 2021
2. Name of Company	Husein Industries Limited
3. Name of Individual*	The proceedings were initiated against the directors of Husein Industries Limited (the Company) and the Company.
4. Nature of Offence	Violation of under Sections 134, 510 and 479 of the Companies Act, 2017 for deficient information in statement of material facts.
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 that of the SRO, written responses submitted and arguments made by the Representative. It is stated that stance of the Representative that through the aforesaid notice of AGM the Company had expressed its intention to sell the land and was not intended to “transact”; is not tenable. Moreover, the submission made by the Representative that the Company sought the said approval to exercise abundance precaution, does not hold merit. I would like to mention here that provisions of Section 134 of the Act are very clear and obvious which requires every company to attach with the notice of general meeting where any special business is to be transacted, a statement setting out all material facts concerning such business, including, in particular, the nature and extent of the interest, if any, therein of every director, whether directly or indirectly, and, where any item of business consists of the according of an approval to any document by the meeting, the time when and the place where the document may be inspected, shall be specified in the statement. Hence, irrespective of the intention to sell or abundant caution; it is mandatory for the Company to attach statement of material facts disclosing all the relevant</p>

	<p>information with the notice of general meeting wherein special business is being transacted; as stipulated under Section 134 of the Act read with the SRO.</p> <p>It has been noted that statement of material fact in term of Section 134 of the Act read with the SRO, attached with the notice of general meeting was found deficient, as the relevant disclosures were not made about the properties, which is contravention of the SRO. The deficient information includes cost, acquisition date of the asset, book value, approximate current market price/fair value, in case of sale, if the expected sale price is lower than book value or fair value, then the reason thereof.</p> <p>At this juncture, I would like to mention here that Representative did not deny the non-compliance of Sections 134 and 510 of the Act and the SRO. The members were not given complete information about the special business of disposing sizeable undertaking i.e. land of the Company. I also do not agree with the views of the Representative that this was a case of procedural non-compliance. I am of the view that the aforesaid special business was transacted and shareholders were kept deprived from key and relevant information, in contradiction with the requirement of Sections 134 and 510 of the Act and the SRO.</p> <p>Keeping in the view that, a penalty of Rs. 300,000/- only (Rupees three Hundred Thousand) was imposed on the Respondents.</p> <p>Penalty order dated June 14, 2021 was passed by Director/HOD (Adjudication-I).</p>
6. Penalty Imposed	A penalty of Rs. 300,000/- only (Rupees three Hundred Thousand) was imposed on the Respondents.
7. Current Status of Order	No appeal has been filed by the Respondents till date.