



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department-I
Adjudication Division

Before Ali Azeem Ikram – Executive Director

In the Matter of

Nina Industries Limited

Number and date of SCN: No. CSD/ARN/69/2015-715-21 dated September 04, 2018
Dates of Hearings: September 17, 2018, October 24, 2018, November 19, 2018,
December 03, 2018, July 29, 2019 and January 13, 2020
Present: Mr. M. Fayyaz Karim (the Authorized Representative)

ORDER

UNDER SECTION 132 AND SECTION 237 READ WITH SECTION 479 OF THE COMPANIES ACT, 2017

This Order shall dispose of the proceedings initiated against the following directors including the chief executive officer ("*respondents*") of Nina Industries Limited (*the "Company"*) through Show Cause Notice (*the "SCN"*) dated September 04, 2018 issued under the provisions of Section 132 and Section 237 read with Section 479 of the Companies Act, 2017 (*the "Act"*):

S.No.	Board of Directors
1	Mr. Waqar A. Sattar
2	Mr. Urooj Saeed
3	Mr. Kashif Saeed Sattar
4	Mr. Muhammad Amjad Khan
5	Syed M. Tauqeer Hashmi
6	Mr. Hidayat Ali Shar
7	Mr. Atif Saeed Rana

2. Brief facts of the case are that the Company failed to hold its annual general meeting (*the "AGM"*) for the financial year ended June 30, 2017 within a period of one hundred and twenty days following the close of its financial year in contravention with the provisions of Sub-section (1) of Section 132 of the Act. Moreover, the Company failed to file financial statements of the Company for the period ended September 30, 2017 within stipulated time i.e. by October 30, 2017 in contravention of the requirements of Section 237 of the Act.

3. In view of the above, SCN dated September 04, 2018 was issued to the Respondents to respond to SCN in writing and an opportunity of personal hearing was fixed in the matter on September 17, 2018. Mr. Fayyaz Karim, being the authorized representative of the respondents, appeared on the date of hearing. However, hearing was not conducted due to inevitable reasons. Subsequently, matter was

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SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department –I
Adjudication Division

Continuation Sheet - 1 -

293

fixed for hearing on October 24, 2018, November 19, 2018, December 03, 2018 and July 29, 2019, however no one appeared on the hearing dates. A final opportunity of hearing was fixed on January 13, 2020 wherein Mr. Muhammad Fayyaz Karim Malik appeared as authorized representative. During the hearing proceedings, he informed that the Company has convened the AGM for the year ended June 30, 2017 on November 15, 2019. It was stated that the delay in holding of AGM was owing to pending cases in court against the company since 2008 that had a snow ball impact on the operations and pending work of the company. Further, due to non-holding of AGM, financial statements for the period ended September 30, 2017 were not prepared within the stipulated time. It was inquired as to the specific constraints in holding AGM within stipulated time or specific change in disclosure in financial statements owing to pending cases in court. The authorized representative responded that the updated status of litigation was required to be disclosed on financial statements.

4. Before proceeding further, it is necessary to advert to the relevant provisions of the law:

Sub-section (1) of Section 132 of the Act stipulates that:

Every company, shall hold, an annual general meeting within sixteen months from the date of its incorporation and thereafter once in every calendar year within a period of one hundred and twenty days following the close of its financial year.

Sub-section (5) of Section 132 of the Act specifies that:

Any contravention or default in complying with requirement of this section shall be an offence liable:—

(a) in case of a listed company, to a penalty of level 2 on the standard scale.

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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SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department –I
Adjudication Division

Continuation Sheet - 2 -

5. In terms of the Commission's Notification S.R.O. 1545(I)/2019 dated December 06, 2019, the powers to adjudicate cases under Section 132 and Section 237 of the Act have been delegated to the undersigned as Executive Director (Adjudication Department-I).

6. As regards the matter at hand, I have analyzed the facts of the case, relevant provisions of the Act, and information available on record. The aforementioned provisions of law are unambiguous and explicit. A company is required to hold its AGM within a period of one hundred and twenty days from the close of its financial year. Holding of the AGM and transmitting of quarterly accounts are a vital statutory requirement as it provides an opportunity to the shareholders to participate in the discussion and vote on important corporate decisions in AGM. In order to ensure transparency and to protect the shareholders' rights, all companies must meticulously adhere to the law by following the procedure prescribed under the Act for holding the AGMs. Moreover, the directors also have fiduciary duties towards the company and its shareholders, hence, they are liable to a higher level of accountability, which requires them to be vigilant and perform their duties with utmost care and prudence. In this context, respondents cannot absolve themselves from their statutory duties pertaining to holding of AGMs, preparation and filing of annual and quarterly financial statements in a timely manner as specified under the law.

7. In view of the foregoing, it is evident that the respondents failed to convene AGM of the Company for the year ended June 30, 2017 within the stipulated time of one hundred and twenty days thereby violating the provisions of Section 132 of the Act and failed to transmit the financial statements for the quarter ended September 30, 2017 within a period of thirty days in contravention of the requirements of Section 237 of the Act. I, therefore conclude the proceedings by imposing aggregate fine of Rs. 430,000 (Rupees four hundred and thirty thousand only) on the respondents for the default as per the following manner:

(In Rupees)

S.No.	Board of Directors	Penalty under Section 132 of the Act	Penalty under Section 237 of the Act
1	Mr. Waqar A. Sattar	35,000	35,000
2	Mr. Urooj Saeed	30,000	30,000
3	Mr. Kashif Saeed Sattar	30,000	30,000
4	Mr. Muhammad Amjad Khan	30,000	30,000
5	Syed M. Tauqeer Hashmi	30,000	30,000
6	Mr. Hidayat Ali Shar	30,000	30,000
7	Mr. Atif Saeed Rana	30,000	30,000
TOTAL		215,000	215,000

The aforementioned 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



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department –I
Adjudication Division

295

Continuation Sheet - 3 -

case of non-deposit of the fines, proceedings for recovery of the same as arrears of land revenue will be initiated. It may also be noted that the fines have been imposed on respondents in their personal capacity; therefore, they are required to pay the said amount from personal resources.

Ali Azeem Ikram

Ali Azeem Ikram
Executive Director
Adjudication Department - I

Announced:
January 21, 2020
Islamabad