



Corporate Supervision Department  
Company Law Division

Before Mr. Imran Iqbal Panjwani – Executive Director/HoD (CSD)

*In the matter of*

**Husein Industries Limited**

Number and date of SCN: EMD/233/256/02-1081-1087 dated January 13, 2015  
Date of Hearing: April 28, 2015  
Present: Mr. Muhammad Anwar Kaludi – Company Secretary  
Authorized Representative

**ORDER**

**UNDER SECTION 158 READ WITH SECTION 476 OF THE COMPANIES ORDINANCE, 1984**

This order shall dispose of the proceedings initiated against directors including chief executive (together referred to as “respondents”) of **Husein Industries Limited** (the “Company”). The proceedings against the respondents were initiated through show cause notice (the “SCN”) dated January 13, 2015, issued under section 158 read with section 476 of the Companies Ordinance, 1984 (the “Ordinance”).

2. The brief facts of the case are that the Company was required to hold its annual general meeting (“AGM”) for the year ended June 30, 2014 on or before October 31, 2014, in terms of sub-section (1) of section 158 of the Ordinance. However, review of record revealed that the Company failed to convene the AGM as per requirement of the law. Consequently, the SCN was issued to the respondents whereof they were called upon to show cause in writing as to why penal action may not be taken against them under section 158 of the Ordinance for not holding the AGM.

3. In response to the SCN, the respondents replied vide letter dated February 2, 2015 and submitted that the Company is presently passing through a financial crunch and has inadequate staff. Due to this it could not finalized its annual accounts for the year ended June 30, 2013 and external auditors are already conducting the audit of accounts for that year and expect to complete the same by the end of February 2015 and thereafter will finalize quarterly accounts of subsequent periods and the audit of accounts for the year ended June 30, 2014 will also be carried out simultaneously.



# SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Corporate Supervision Department  
Company Law Division

Continuation Sheet - I -

4. The case was fixed for hearing on April 28, 2015 and the respondents were represented by Mr. Muhammad Anwar Kaludi – Company Secretary, who reiterated the respondents' earlier written submissions. The Representative reaffirmed that the audit was in final stages and the AGM of 2013 will be held immediately and AGM for 2014 will be held latest by June 30, 2015 and also gave a commitment to submit undertaking from directors of the Company to this effect. However, the Representative has failed to submit undertaking from directors to date.

5. Before proceeding further, it is necessary to advert to the following relevant provisions of Ordinance.

Sub-section (1) of section 158 of the Ordinance, inter alia, provides as under:

*Every company shall hold, in addition to any other meeting, a general meeting, as its annual general meeting, within eighteen months from the date of its incorporation and thereafter once at least in every calendar year within a period of four months following the close of its financial year and not more than fifteen months after the holding of its last preceding annual general meeting:*

Sub-section (4) of section 158, inter alia, provides as under:

*If default is made in complying with any provision of this section, the company and every officer of the company who is knowingly and willfully a party to the default shall be liable,--*

*(a) if the default relates to a listed company, to a fine not less than fifty thousand rupees and not exceeding five hundred thousand rupees and to a further fine not exceeding two thousand rupees for every day after the first during which the default continues;*

6. I have analyzed the facts of the case, relevant provisions of the Ordinance, and submissions made by the respondents. The aforesaid provisions of the law are clear and explicit. A company is required to hold its AGM within four month from the close of its financial year. Holding of the AGM is a very important statutory event and provides an opportunity to the shareholders, including those in minority, to participate in discussion and voting on agenda items of the AGM that include consideration and approval of companies' financial statements, which not only show the financial position and performance of a company but also show the results of management's stewardship of resources entrusted to it. In order to ensure transparency and to protect the shareholders right, the company must meticulously follow the procedure prescribed by



# SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Corporate Supervision Department  
Company Law Division

Continuation Sheet - 2 -

the Ordinance for holding the AGMs. In addition to their responsibilities of overseeing and managing affairs of the Company, directors also have fiduciary duties towards the Company and its shareholders. They are, therefore, liable to a higher level of accountability which requires them to be vigilant and perform their duties with care and prudence. It is directors' responsibility to oversee the functioning of the company, to keep it appropriately staffed and set up proper system to ensure due compliance of law. Directors of a listed company while filing their consent to act as a director, inter alia, give an undertaking that they are aware of their duties under the Ordinance and that they have read the relevant provisions contained therein. In this context the respondents' cannot absolve themselves of their statutory duties regarding holding of AGMs and preparing and filing of annual and quarterly accounts. The annual audited accounts of the Company for the year ended June 30, 2014 and notice of AGM is not received by the Commission even today.

7. In view of the above stated facts, I have concluded that the provisions of the law have been violated and the respondents are liable to fine in terms of section 158 of the Ordinance, as they failed to hold the AGM of the Company for the year ended June 30, 2014 even after elapse of considerable time after the due date. In exercise of powers under sub-section (4) of section 158 of the Ordinance, I hereby impose an aggregate fine of Rs 350,000/- on the respondents, as per following details:

Name of Respondents	Total
1. Mr. Aziz L. Jamal, Chief Executive	Rs 50,000
2. Mr. Rashid L. Jamal, Director	Rs 50,000
3. Mr. Husein Jamal, Director	Rs 50,000
4. Mrs. Aisha Bai Suleman, Director	Rs 50,000
5. Mr. Akhtar Waseem Dar, Director	Rs 50,000
6. Mr. Ahsan Jamal, Director	Rs 50,000
7. Miss Hina Abdul Rashid, Director	Rs 50,000
<b>TOTAL</b>	<b>Rs 350,000</b>

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




# SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Corporate Supervision Department  
Company Law Division

*Continuation Sheet - 3 -*

8. Moreover, the Company is hereby directed in term of Section 170 of the Ordinance to convene the overdue AGM for the year ended June 30, 2014 on or before August 17, 2015, so as to lay therein the audited accounts for the aforesaid period and to transact any other business as required under the law and thereafter submit, within a week of the date of the meeting so held, a compliance report along with attested copies of the minutes of the said meeting and the audited accounts so approved.

  
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**Imran Iqbal Panjwani**  
Executive Director / Head of Department (CSD)

**Announced:**  
July 7, 2015  
Islamabad