



Before Amina Aziz, Director, (Corporate Supervision Department)

ORDER

In the matter of

Husein Industries Limited

(Under Sub-section (3) of Section 245 of the Companies Ordinance, 1984)

Number and date of SCN: EMD/233/256/02-1074-1080 dated January 13, 2015
Date of Hearing: April 28, 2015
Present: Mr. Muhammad Anwar Kaludi – Company Secretary
Authorized Representative

This Order shall dispose of the proceedings initiated against the directors and chief Executive (“Respondents”) of Husein Industries Limited (the “Company”) for default made in complying with the requirements of Sub-section (1) of Section 245 of the Companies Ordinance, 1984 (the “Ordinance”), i.e. late filing of quarterly accounts.

2. The relevant facts for the disposal of this case, briefly stated, are that the Company was required to prepare and transmit to the members and simultaneously file with the Registrar and the Securities & Exchange Commission of Pakistan (“the Commission”) under Section 245 of the Ordinance, its quarterly/half yearly accounts, in following manner which the Company failed to submit.

Sr. No.	Period ended	Due on
1	30-Sept-13	31-Oct-13
2	31-Dec-13	28-Feb-14
3	31-Mar-14	30-Apr-14
4	30-Sep-14	31-Oct-14

3. Failure of the Company to comply with the aforesaid mandatory requirements within the prescribed time necessitated action against the Respondents in terms of Sub-section (3) of Section 245 of the Ordinance. Consequently, show cause notice dated January 13, 2015 was served under Sub-section (3) of Section 245 read with Section 476 of the Ordinance.

4. 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.

5. 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 authorized representative was advised to provide undertaking from respondents indicating the time within which the overdue quarterly accounts shall be submitted. The authorized representative failed to provide undertaking.

6. Before proceeding to decide this case, I consider it necessary to highlight the importance of the strict observance of the mandatory requirements of law. The protection of the investors/shareholders is one of the primary objectives of the Ordinance. The shareholders provide seed money for the capital formation of the Company. It is their lawful right to receive timely, adequate and meaningful information. It is the annual and interim accounts, which provide information to the investors about the affairs of the company. It has unfortunately been noted that the directors of the Company have failed to comply the requirements of law and have not circulated the quarterly accounts to the shareholders nor filed with the Commission within the prescribed time.

7. The Respondents have deprived the shareholders of their statutory right to receive the quarterly accounts of the Company within the prescribed time limit. The responsibility for preparation/circulation of quarterly accounts rests with the directors of the Company who have to take appropriate action within the time stipulated by law. The repetition of defaults clearly demonstrates that the directors of the company are not making any serious efforts to comply with the provisions of the law. For the foregoing reasons, the default under Sub-section (1) of Section 245 of the Ordinance regarding late filing of quarterly accounts for the aforesaid periods; stands established.

8. Keeping in view of the above and the assurance provided by the Respondents I, hereby, while invoking the provisions of Section 245 of the Ordinance, impose fine amounting to Rs.100,000/- (Rupees one hundred thousand only) for following defaults, only on the chief executive of the Company.

Sr. No.	Period ended	Fine
1	30-Sept-13	Rs. 25,000
2	31-Dec-13	Rs. 25,000
3	31-Mar-14	Rs. 25,000
4	30-Sep-14	Rs. 25,000

The other Respondents are strictly warned to be careful in future and ensure meticulous compliance of law, in true letter and spirit.



9. The chief executive of the company, is hereby directed to deposit the aforesaid fine aggregating to Rs.100,000/- (Rupees one hundred thousand only), in the designated bank account maintained in the name of Securities and Exchange Commission of Pakistan with MCB Bank Limited within thirty days from the receipt of this Order and furnish evidence in this regard for record of the Commission, failing which proceedings under the Land Revenue Act,1967 will be initiated . It may also be noted that the aforesaid fine is imposed on the chief executive, in his personal capacity and he is required to pay the aforesaid amount of fine from personal resources.

10. Moreover, the Respondents are hereby directed under the provision of Section 473 of the Ordinance to prepare overdue quarterly accounts and transmit to the members and simultaneously file with the Registrar and the Commission with in sixty days of this Order.

Amina Aziz
Director
(Corporate Supervision Department)

Issued at:
Islamabad,
Dated: July 23, 2015