



# SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

## Adjudication Department-I

### Adjudication Division

ORDER	
Name of Company:	M/s. Hala Enterprises Limited
Show Cause Notice No. & Date:	CSD/ARN/487/2017-547 dated November 01, 2024
Respondents:	(i) Mr. Tahir Jahangir, Chairman, Director (ii) Mr. Jilani Jahangir, Director (iii) Mrs. Munizae Jahangir, Director (iv) Mrs. Sulema Jahangir, Director (v) Mr. Rashid Ahmad Khan, Director (vi) Mr. Hassan Ahmad, Director (vii) Mrs. Myra Hussain Qureshi, Director (viii) Mr. Abdul Munaf, Director
Date(s) of Hearing(s):	(i) December 11, 2024 (ii) February 12, 2025
Case represented by:	Rana Shakeel – Corporate Consultant ( <i>as Authorized Representative</i> )
Provision of law involved:	Section 176 of the Companies Act, 2017
Order Date:	April 17, 2025

This Order shall dispose of the proceedings initiated by the Securities and Exchange Commission of Pakistan (the “Commission”) through Show Cause Notice No. CSD/ARN/487/2017-547 dated November 01, 2024 (the “SCN”) issued to the members of the Board of Directors (the “BOD”), hereinafter collectively referred to as the “Respondents”, of M/s. Hala Enterprises Industries Limited (the “Company”), under Section 176 of the Companies Act, 2017 (the “Act”) for failure to comply with the provisions of sub-section (3) of Section 176 of the Act.

2. Sub-section 3 of Section 176 of the Act provides that the board of a public company shall meet at least once in each quarter of a year and in case of failure to comply with the aforementioned provisions, the Chairman and Directors shall be liable to a penalty as provided in sub-section 4 of Section 176 of the Act.

3. As per the review of the information received from the Company, no meetings of the Board of Directors were held during the first quarter(s) of the year ended June 30, 2022 (July 1, 2021 to September 30, 2021), year ended June 30, 2023 (July 1, 2022 to September 30, 2022) and year ended June 30, 2024 (July 1, 2023 to September 30, 2023) respectively, contrary to the requirements of Section 176 (3) of the Act.

4. The Commission vide letter dated February 28, 2024 required the Company to comment on the aforementioned non-compliance to which the Company vide letter dated March 28, 2024 responded as follows:

“.... Our annual accounts were finalized in the first week of October, therefore, board meeting could not be held from July to September each year.”

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17-04-2025

5. Having being not satisfied with the aforesaid response, SCN was issued to the Respondents to show the cause in writing as to why a penal action may not be taken for non-compliance of the mandatory requirements of the law. However, the Respondents failed to submit the response within the stipulated time. In order to provide opportunity of personal representation and to meet the ends of justice, the hearing in the matter was first fixed for December 11, 2024, however, the Respondents requested for an adjournment in the matter which was duly allowed.

6. Subsequently, the Company vide letter dated February 10, 2025 submitted the following written response:

“... ”

*We wish to clarify that board meetings are scheduled based on the agenda and the necessity to conduct discussions in an effective manner. Our annual accounts were finalized in the first week of October, and accordingly, the board meetings in previous years were held in October. However, we have now ensured full compliance with Section 176 of the Companies Act, 2017, by conducting at least one board meeting in each quarter.*

“... ”

*The company has fully complied with the requirements of Section 176 of the Companies Act, 2017 and is committed to ensuring adherence to all relevant provisions in the future... ”*

7. The Respondents were then given a second opportunity for personal representation for which a hearing was fixed on February 12, 2025; where, Mr. Rana Shakeel Shoukat appeared on behalf of the Respondents as the Authorized Representative (the “**Authorized Representative**”) and reiterated the written submission made earlier vide letter dated February 10, 2024 while admitting the oversight with a request for a leniency in the matter.

8. I have reviewed the facts of the case and also considered the written and verbal submissions made by the Respondents through the Authorized Representative. At this juncture, it is important to discuss the following legal and factual elements:

- (i) In terms of Section 176(3) of the Act, the BOD of the Company was required to meet at least once in each quarter of a year. The statutory requirement is absolute, with no discretion or exemption provided under the applicable legal framework.
- (ii) The quarterly meetings of the BOD serve as a vital mechanism for ensuring financial oversight, strategic governance, and regulatory compliance. These meetings are essential for monitoring the Company's performance, addressing potential risks, and protecting the interests of shareholders; thereby enabling the BOD to play its vital role in the management of the business of the Company. However, the Respondents, by failing to hold the quarterly meetings of BOD for the quarters ended September 30, 2021, 2022 and 2023, respectively, have contravened the requirements of Section 176(3) of the Act.
- (iii) The Ramaiya Guide to the Indian Companies Act, 2013 while commenting on Section 173 to the said Act (*pari materia to Section 176 of the Companies Act, 2017*) points out that “*where a meeting has been properly convened, the directors may transact at the meeting all business within their powers...*” The statute requires the holding of quarterly board meetings in order to enable the board to effectively undertake its role in remaining watchful and having vigilant oversight on all the affairs and operations of the company. Hence, by meeting regularly, the board would be

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able to identify any critical matter and/or irregularity in the operations, and would be in a better position to address the same promptly.

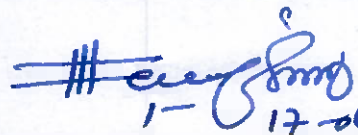
- (iv) The Ramaiya Guide to the Indian Companies Act, 2013 further sheds light on the significance of regularly holding meetings of the board of directors by stating that "...the object of s. 285 of the 1956 Act was to ensure that the Board meetings are held at reasonably frequent intervals, so that the directors may be in touch with the management of company's affairs as often as they should be...if no Board meetings are held and thereby through mismanagement or otherwise loss is sustained by the company, the whole Board will be liable."

9. As the aforesaid contravention with the requirements of Section 176 of the Act have been established beyond doubt and has been admitted by the Respondents and the Authorized Representative which attracts penal action in terms of sub-section 4 of Section 176 of the Act. I, therefore, in exercise of the powers conferred upon me under sub-section 4 of Section 176 of the Act read with SRO 1545(1)/2019 dated December 06, 2019, hereby impose an aggregate penalty of **Rs. 130,000/- (Pak Rupees One Hundred and Thirty Thousand Only)** on the Respondents in the following manner:

S. No.	Name of Respondents	Penalty Amount
1.	Mr. Tahir Jahangir, Chairman, Director	25,000
2.	Mr. Jilani Jahangir, Director	15,000
3.	Mrs. Munizae Jahangir, Director	15,000
4.	Mrs. Sulema Jahangir, Director	15,000
5.	Mr. Rashid Ahmad Khan, Director	15,000
6.	Mr. Hassan Ahmad, Director	15,000
7.	Mrs. Myra Hussain Qureshi, Director	15,000
8.	Mr. Abdul Munaf, Director	15,000
	<b>Total Amount</b>	<b>130,000</b>

10. The Respondents are also advised to ensure meticulous compliance with the applicable legal and regulatory framework in the future.

11. The Respondents are, hereby, directed to deposit the aforesaid amount of penalty in the designated bank account maintained in the name of the Commission with MCB Bank Limited or United Bank Limited within thirty (30) days from the date of this Order and to furnish a receipted bank challan to the Commission forthwith. In case of failure to deposit the penalty, the proceedings under Section 485 of the Act will be initiated for recovery of the fines as arrears of land revenue pursuant to provision of Section 42B of the Securities and Exchange Commission of Pakistan Act, 1997.

  
17-04-2025

(Sohail Qadri)

Director/ Head of Department  
Adjudication Department-I

**Announced:**

Dated: April 17, 2025

Islamabad.

