



# SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

## Adjudication Department-I

### Adjudication Division

Before

Shahzad Afzal Khan – Director/Head of Department

*In the Matter of*

**Nina Industries Limited**

Number and Date of SCN: CSD/ARN/69/2015-371 dated December 15, 2023

Hearing Dates: January 23, 2024, February 15, 2024 & February 21, 2024

Present: Mr. Fayyaz Karim Malik – CFO, Nina Industries  
(Authorized Representative)

### ORDER

#### UNDER SECTION 132 OF THE COMPANIES ACT, 2017 READ WITH SECTION 479 THEREOF

This Order shall dispose of the proceedings initiated against Nina Industries Limited (**the Company**) and its Board of Directors and the Company Secretary (collectively referred to as the **Respondents**) through Show Cause Notice dated December 15, 2023 (**the SCN**) issued under Section 132 of the Companies Act, 2017 (**the Act**) read with Section 479 thereof.

2. Brief facts of the case are that the Company has failed to hold its Annual General Meeting (**the AGM**) for the Financial Year (FY) ended June 30, 2023 within a period of one hundred and twenty (120) days following the closure of its FY. The said failure on part of the Respondents is violation of sub-section (1) of Section 132 of the Act.

3. While taking cognizance of the said contravention, the SCN was issued to the Respondents requiring them to show cause in writing as to why penal action may not be taken against them for the aforesaid violation. The Respondents, however, failed to submit a written response to the SCN.

4. Consequently, to provide an opportunity of personal representation, hearing in the matter was fixed for January 23, 2024 and later February 15, 2024, however, the Respondents failed to appear for the hearing to present their case.

5. Subsequently, hearing in the matter was re-fixed and held before the undersigned on February 21, 2024 wherein Mr. Fayyaz Karim Malik, CFO of Nina Industries appeared on behalf of the Respondents as its Authorized Representative (**the Representative**).

Over the course of the hearing, the Representative attributed the delay in holding of the subject AGM to pending litigation matters before the Sindh High Court since the fire incident that occurred in February 2008. The Representative asserted that the Company is a sick unit and its operations remain at halt since June 2019 lacking liquid funds to support expenditures, affirming that the Company is in the revival process and making best efforts to comply with all its statutory obligations.



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When questioned about the status of compliance with respect to the subject violation, the Representative stated that the Company has held its AGM for FY 2018 and audits for the subsequent years are near completion and the Company is expected to hold all its past due AGMs thereafter.

In conclusion, the Representative requested the Commission to condone the proceedings in light of the fact that the Company is in financial crisis since its operations have been at halt for several years, giving a binding assurance of future adherence to all applicable laws.

6. Relevant provisions of the law are reproduced hereinunder:

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

*"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. –*

*Provided that, in the case of a listed company, the Commission, and, in any other case, the registrar, may for any special reason extend the time within which any annual general meeting, shall be held by a period not exceeding thirty days."*

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

*"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."*

7. I have considered the facts of the case in light of the relevant provisions of the Act, and the arguments set forth during the hearing and state that:

- (i) holding of AGM is a vital statutory requirement as it provides opportunity to the members to participate in the discussion and vote on agenda items of the general meeting which includes consideration and approval of the company's financial statements;
- (ii) non-holding of AGM deprives the members of their fundamental and statutory right to know about the affairs of the company and participate in decision making;
- (iii) AGMs provide transparency and accountability to shareholders and ensure that the company is operating in the best interests of its shareholders, thus all companies must adhere to the law by following the procedure prescribed under the Act for holding of AGMs;
- (iv) the Respondents cannot absolve themselves from their statutory duties pertaining to holding of AGMs within the statutory timeframes;
- (v) the Company failed to convene its AGM for FY ended June 30, 2023 within the stipulated time of one hundred and twenty (120) days from the closure of its FY;
- (vi) review of Company records transpire that it has not held its AGM for FY 2023 till the date of this Order.



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8. In view of the preceding facts, I am of the considered view that by failing to hold its AGM for the year ended June 30, 2023 within one hundred and twenty (120) days, the Respondents are in contravention of sub-section (1) of Section 132 of the Act, which renders them liable to penal action under sub-section (5) of Section 132 thereof. Therefore, in exercise of the powers conferred under sub-section (5) of Section 132 of the Act, I hereby impose a penalty of Rs. 250,000/- (Rupees Two Hundred and Fifty Thousand only) on **Nina Industries Limited**, and warn the remaining Respondents to ensure meticulous compliance of the law in the future in letter and spirit.

9. The aforementioned penalty must be deposited in the designated bank account maintained with United Bank Limited or MCB Bank Limited in the name of the **Securities and Exchange Commission of Pakistan** within thirty (30) days from the receipt of this Order and receipted bank vouchers must be furnished to the Commission. In case of non-deposit of the penalty, proceedings under Section 485 of the Act will be initiated for recovery of the same as arrears of land revenue.

10. Nothing in this Order may be deemed to prejudice the operation of any provisions of the Act providing for imposition of penalties on the Respondents in respect of any default, omission or violation thereof.

**SHAHZAD AFZAL KHAN**  
Director/Head of Department  
Adjudication Department - I

**Announced:**  
*February 27, 2024*  
*Islamabad*