



Before Abid Hussain – Executive Director

In the matter of

Transmission Engineering Industries Limited

Number and date of Show Cause Notice: CSD/ARN/135/2015-1524-31 dated November 20, 2015

Dates of Hearing: November 22, 2017, March 5, 2018, August 16, 2018, March 29, 2019, April 08, 2019

Authorized Representative: None

ORDER

Under Clause (c) of Section 301 read with Clause (b) of Section 304 of the Companies Act 2017 (Clause (b) of Section 309 read with Clause (b) of Section 305 of the repealed Companies Ordinance, 1984)

This Order shall dispose of proceedings initiated through Show Cause Notice dated November 20, 2015 (the "SCN") under Section 309 read with Section 305 of the Companies Ordinance, 1984 (the "Ordinance") issued to Transmission Engineering Industries Limited (the "Company") and its board of directors.

2. The facts leading to this case, briefly stated are that the Company was incorporated in Pakistan on December 01, 1988 and its shares are listed on Pakistan Stock Exchange (previously Karachi and Lahore Stock Exchanges). The principal activity of the Company is to manufacture and sale of engine gears and other automotive components. It was observed that the Company failed to hold its annual general meetings ("AGM") for the years ended on June 30, 2012, 2013, 2014 and 2015. In this context, Company Registration Office, Karachi approached the Commission for grant of sanction in terms of clause (b) of Section 309 read with clause (b) of Section 305 of the Ordinance to present a petition before

SECURITIES AND EXCHANGE
COMMISSION OF PAKISTAN
NIC Building, 63 Jinnah Avenue,
Islamabad, Pakistan



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the Honorable High Court for winding up of the Company on the grounds that the Company failed to hold its AGM for two consecutive years.

3. In this regard, SCN was issued to the Company and to the board of directors of the Company, along with the notice of hearing to be held on December 02, 2015. The SCN was dispatched to the Company at its registered office as well as to the board members as stated below:

S. No.	All the Directors	Addresses
1	Ms. Sadaf Azam	41, 17 th Street, Khayaban-e- Mujahid, Phase-5, D.H.A, Karachi.
2	Mr. Tausif Hussain Agha	41, 17 th Street, Khayaban-e- Mujahid, Phase-5, D.H.A, Karachi.
3	Mr. Fasih Hussain Agha	41, 17 th Street, Khayaban-e- Mujahid, Phase-5, D.H.A, Karachi.
4	Mr. Asif Hussain Agha	41, 17 th Street, Khayaban-e- Mujahid, Phase-5, D.H.A, Karachi.
5	Ms. Sabahat Agha	41, 17 th Street, Khayaban-e- Mujahid, Phase-5, D.H.A, Karachi.
6	Mr. Mohammad Aslam Khan	6/11, Khayaban-e-Hilal Phase IV DHA Karachi
7	Mr. Riaz Ahmed Chughtai	79, Survey No. 444, Model Colony Karachi.
8	Transmission Engineering Industries Limited	B-14, Block A, Sindhi Muslim Cooperative Housing Society Karachi

4. In this regard, it was observed that SCN addressed to Ms. Sadaf Azam, Mr. Riaz Ahmed Chughtai and the Company returned unattended. However, Mr. Muhammad Aslam Khan vide his letter dated November 28, 2015 submitted the reply to the SCN wherein he briefly submitted that

"I had resigned from the board of the Company on January 20, 2012, due to differences with Mr. Fasih Hussain Agha. Form 29 was submitted to the Commission in this regard. It was a family run business and all the directors except myself belong to one family. I was an employed Technical Director having minor shareholding and was posted to run the Company's plant at Hub Chowki. I have no connection with this company and I am not in condition to offer any comments on your proposal regarding the winding up of this company. It is therefore requested that SCN proceedings may be dropped against my name."

5. Considering the non-delivery of the SCN at the Company's address, the matter was referred to the Company Registration Office Karachi ("CRO"), vide email dated December 02, 2015 to deliver the



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SCN at the Company's address. In reply, CRO vide its email dated December 02, 2015 informed that no such office exist at the said address and there was construction work being carried out at the said site.

6. Nevertheless, the Commission vide its letter dated April 19, 2016 again forwarded that copy of SCN to the following directors at their respective addresses

S. No.	All the Directors	Addresses
1	Mr. Asif Hussain Agha	House No. 41, Street No. 17, Mohala Khayaban-e- Mujahid, Phase-5, D.H.A, Karachi.
2	Mr. Fasih Hussain Agha	House No. 41, Street No. 17, Mohala Khayaban-e- Mujahid, Phase-5, D.H.A, Karachi.
3	Mr. Riaz Ahmed Chughtai	District Council Housing Society House No. B-6, Model Colony Karachi.
4	Mr. Syed Ali Zafar Rizvi	House No. B-35, Block N, North Nazimabad Karachi.
5	Mr. Tausif Hussain Agha	41, 17 th Street, Khayaban-e- Mujahid, Phase-5, D.H.A, Karachi.

7. It was observed that SCN returned undelivered at the address of Mr. Asif Hussain Agha and Mr. Riaz Ahmed Chughtai. However, M/s Tanveer Ahmed & Associates; Advocates, Barristers and Legal Consultants on behalf of Mr. Ali Zafar Rizvi vide its letter dated December 20, 2016 submitted the reply, brief of which is as follows:

- a. Our client was director of the Company from January 28, 2012 to November 15, 2013.
- b. Our client manifested an intention to resign from his directorship on December 30, 2012 through an email to CEO of the Company.
- c. In the said SCN, our client has been incorrectly implicated with regard to some of the matters to which the SCNs relate since the said offences accrued onto the Company prior to his appointment as a director. It is illegal and ultra vires of the Commission to hold our client responsible for the wrongs committed by his predecessor.
- d. Our client is no longer director of the Company so he is no eligible to comment on the winding up proceeding initiated by the Commission.



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8. Later on M/s Tanveer Ahmed & Associates; Advocates, Barristers and Legal Consultants also submitted reply on behalf of Mr. Asif Hussain Agha, vide its letter dated August 01, 2016, and stated that:

- a. Our client was director of the Company from his appointment in 1997 till his effective resignation as director in 2012.
- b. Our client tendered his resignation because of the differences developed with other directors over the irresponsible manner in which the company was being run.
- c. SECP has been passing order against the company in which our client is being treated as director. SECP has conveniently overlooked the fact that our client did not file the consent in 2012 and proceeded to pass order against him on the basis of past appointment. As a result the Commission erred by implicating our client in matter that are way being the year in which he is legally entitled to be treated as director i.e. June 30, 2012.
- d. Our client is no longer director of the Company so he is no eligible to comment on the winding up proceeding initiated by the Commission.

9. It is observed that neither any director nor the Company submitted, excluding the afore-referred, submitted any reply to the SCN. After provision of considerable time to submit the reply to the SCN, the Commission, again issued the hearing notices on March 29, 2019; followed by April 08, 2019, however said notices again returned undelivered.

At this juncture, I would also like to mention here that none of the directors contested the winding up proceedings and no director of the Company attended the hearing scheduled in this matter.

10. Beside aforesaid, the record available with the Commission shows that the Company neither convened its AGM nor filed annual audited accounts since 2012. Furthermore, I have observed that the trading in the shares of the Company has been suspended and the Company is on the defaulter counter of the Pakistan Stock Exchange since December 09, 2013.

11. Keeping in view the aforementioned circumstances, I am constrained to conclude the proceedings based on the record available with the Commission. Before proceeding further, it is necessary to advert to the following relevant provisions of Section 301 and 304 of the Companies Act 2017 (the "Act"), which state as under:



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- Section 301 of the Act states that:

A company may be wound up by the Court-

(c) if default is made in holding any two consecutive annual general meetings;

- Section 304 of the Act, states that:

"An application to the Court for the winding up of a company shall be by petition presented, subject to the provisions of this section, either by the company, or by any creditor or creditors (including any contingent or prospective creditor or creditors), or by any contributory or contributories, or by all or any of the aforesaid parties, together or separately or by the registrar, or by the Commission or by a person authorized by the Commission in that behalf.

12. In terms of notification S.R.O. 889 (I)/2019 dated July 29, 2019, the power to adjudicated cases under Section 304 of the Act has been delegated to Executive Director (Corporate Supervision Department).

13. In view of above, I am of the considered view that the provisions stated above have been attracted and the Company is liable to be wound up. I, therefore, in exercise of the powers conferred on me under Section 304 of the Act (Section 309 of the repealed Ordinance); hereby authorize the Registrar, Company Registration Office, Karachi to present a petition for winding up of the Company.

ABID HUSSAIN

Executive Director

Corporate Supervision Department

Announced:

August 7, 2019

Islamabad

