

[Islamabad]

Before Abid Hussain, Director(Enforcement)

In the matter of

Indus Fruit Products Limited

Under Section 158 (4) read with Section 476 of the Companies Ordinance, 1984

No. & Show Cause Notice	EMD/233/568/2002 November 22, 2010
Hearing Date	November 29, December 15, and Dec 28, 2010.
Present at the hearing	No one appeared
Date of Order	December 30, 2010

ORDER

This Order shall dispose of the proceedings initiated against the directors of Indus Fruit Products Limited (the "Company") for default made in complying with the provisions of Sub-section (1) of Section 158 of the Companies Ordinance, 1984 (the "Ordinance").

2. The facts leading to this case, briefly stated, are that in terms of the provisions of Sub-section (1) of Section 158 of the Ordinance, the Company was required to hold its Annual General Meeting (the "AGM") for the year ended June 30, 2010 on or before October 31, 2010. The Company failed to hold the aforesaid AGM within the prescribed time period. The failure of the Company to comply with the aforesaid mandatory requirements necessitated action against the Company and its directors in terms of Sub-section (4) of Section 158 of the Ordinance. Consequently, a Show Cause Notice dated November 22, 2010 ("SCN") was served on the Company and its directors including the Chief Executive calling upon them to show cause as to why penalties as provided under Sub-section (4) of Section 158 read with Section 476 of the Ordinance may not be imposed on them. The Chief Executive and other directors, however, did not respond to the aforesaid SCN.

3. In order to provide an opportunity of personal hearing the matter was fixed for November 29, 2010 but no one appeared on behalf of the Company and directors. In order to provide the second opportunity the hearing was fixed on December 15, 2010 which was adjourned on the request of the Company vide letter dated December 8, 2010 and the matter was fixed on December 28, 2010 the Director's and the Company was cautioned that in case they failed to appeared for hearing, the matter will be decided on merit in accordance with law on the basis of well



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settled principles of natural justice and the record available on the file. The chief executive and directors have failed to appear in the hearing.

4. As per requirement of Section 158 of the Ordinance, every Company is required to hold, in addition to any other meeting, a general meeting, as its annual general meeting, within eighteen months from the date of 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. In view of the foregoing, the Company was required to hold its AGM for the year ended June 30, 2010 within four months of the close of its financial year which has not been held till date.
5. Before proceeding to decide this case, I consider it necessary to highlight the importance of the strict observance of the aforesaid mandatory provisions of the law. The protection of the investors/shareholders is one of the primary objectives of the Ordinance. It is investors/shareholders who provide seed for capital formation. If the interest of the investors is protected, they will save and invest more. Their interest is protected by transmission of timely, adequate and meaningful information to them. It is the annual and interim accounts, which provide information to the investors about the affairs of the companies. AGM is a forum where the investors can freely discuss, speak and vote on important matters concerning approval of accounts, appointment of auditors, election of directors etc. It has unfortunately been noted that the directors of the Company are not observing these compulsory requirements of law.
6. For the forgoing it is established that the Company has violated the provision of Section 158 of the Ordinance, therefore I hereby impose a penalty of Rs 350,000 (Three Lacs Fifty thousand only) in aggregate on all the directors of the Company. This will be paid by the Company, Chief Executive and directors in the following manner.

S. No.	Name	Penalty (Rupees)
1	Mr. Shabbir Ghani	50,000
2	Mr. Ahmed Masood	50,000
3	Mr. Sohail Masood	50,000
4	Mr. Muhammad Saleem	50,000
5	Mr. Muhammad Khalid	50,000
6	Mr. Ghulam Farid	50,000
7	Mr. Amir Nisar	50,000
8	Total	350,000

The Chief Executive and directors of the Company are hereby directed to deposit the aforesaid fines aggregating to Rs.350,000(Rupees three lac and fifty thousand only) in the designated bank account maintained in the name of



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Securities and Exchange Commission of Pakistan with MCB Bank Limited within thirty days from the receipt of this Order and furnish receipted vouchers or pay by a DD/pay order issued in the name of Commission for information and record, failing which proceedings under the Land Revenue Act, 1967 will be initiated which may result in the attachment and sale of movable and immovable property. It may also be noted that the penalties imposed on the Chief Executive and other directors in their personal capacity and are required to pay the said amount from their personal resources.

Abid Hussain

Director Enforcement

Announced

December 30, 2010

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