

**[Islamabad]**

**Before Tahir Mahmood Commissioner (CLD)**

**Order**

**In the matter of**

**Indus Fruit Products Limited**

**SHOW CAUSE NOTICE UNDER SECTION 171 READ WITH SECTION 476 OF THE  
COMPANIES ORDINANCE, 1984**

No. & Show Cause Notice	EMD/233/568/2002 August 11, 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, 2009 on or before October 31, 2009. The Company failed to hold the aforesaid AGM within the prescribed time period. The Commission vide its letter dated May 28, 2010, directed the Company in terms of Section 170 of the Ordinance to convene the overdue Annual General Meeting (‘AGM ‘) on or before June 21, 2010 so as to lay therein the Audited Accounts for the aforesaid period and to transact any other business as required under the law. The Company was also advised to submit, within a week of the date of AGM referred to above, a compliance report along with certified true copies of the minutes of the said AGM and the Audited Accounts approved by the shareholders therein. Consequently, a Show Cause Notice (“SCN”) dated August 11, 2010 was served on the Chief Executive of the Company calling upon him to show cause as to why penalties as provided under Section 171 read



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with Section 476 of the Ordinance may not be imposed on him. The Chief Executive, however, did not respond to the aforesaid SCN.

3. In order to provide an opportunity of personal hearing the matter was fixed several times as per following details.

<b>Date of hearing.</b>	<b>Status</b>
August 26, 201	No one appeared
November 29, 2010	No one appeared
December 15, 2010	Adjournment request by Company vide letter dated December 8, 2010
December 28, 2010	No one appeared

4. Section 171 of the Ordinance provides that if default is made in complying with any directions of the Commission under section 170, the company and every officer of the company who is in default shall be liable to a fine which may extend to ten thousand rupees and in the case of a continuing default to a further fine which may extend to two hundred rupees for every day after the first during which the default continues.

5. In view of the foregoing, the Company was required to hold its overdue AGM for the year ended June 30, 2009 on or before June 21, 2010 in terms of Commission's direction given under section 170 of the Ordinance which has not been complied with by the Company. 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. 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 the compulsory requirements of law.

6. The default is established, therefore I hereby impose a fine of Rs. 10,000 (Rupees ten thousand only) on the Chief Executive of the Company.

7. The Chief Executive of the Company is hereby directed to deposit the aforesaid fine of Rs.10,000 (Rupees ten 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



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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 in their personal capacity and are required to pay the said amount from their personal resources.

The Company, its Chief Executive and Directors are also directed to hold overdue AGMs within ninety (90) days of this order without fail and in case of default, the Commission has the right to initiate proceedings under the relevant provisions of the law.

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**Tahir Mahmood**

Commissioner (CLD)

**Announced**

December 30, 2010

Islamabad