

Securities and Exchange Commission of Pakistan
Enforcement and Monitoring Division
NIC Building, Jinnah Avenue, Islamabad

Before Rashid Sadiq, Executive Director

In the matter of
M/S INDUS FRUIT PRODUCTS LIMITED

Number and date of show cause notice	No.19 (827) CF/ISS/2001 dated January 09, 2002
Date of hearing	February 12, 2002
Present	Mr. Imtiaz Majeed, FCA Ms. Nasira Taskeen

ORDER

This order will dispose of the proceedings initiated against M/S Indus Fruit Products Limited (hereinafter called the “Company”) for holding its Annual General Meeting (the “AGM”) for the calendar year 2001 at a place other than the town in which the Registered Office of the Company is situate, without seeking permission from the Commission in terms of Sub-section (2) of Section 158 of the Companies Ordinance, 1984 (the “Ordinance”)

2. The brief facts of this case are that the Company held its AGM for the calendar year 2001 at Faletti’s Hotel, Lahore instead of holding it at its Registered Office situated at 65-KM Main Multan Road, Jamber Kalan, Tehsil Chunian, District Kasur as required under Sub-section (2) of

Section 158 of the Ordinance. A notice dated January 09, 2002, therefore, was served on the Company, its directors including Chief Executive of the Company for the aforesaid violation.

3. The aforesaid show cause notice was responded by M/S Hameed Majeed Associates (Private) Limited on behalf of the Company and its directors. In order to provide an opportunity of personal hearing, the case was fixed on February 12, 2002. Mr. Imtiaz Majeed and Ms. Nasira Taskeen represented the Company and its directors at the time of hearing.

4. In the written submissions as well as at the time of hearing, it was stated that the management held AGM at Lahore as most of the shareholders belong to Lahore and it was anticipated that no member would be able to attend the AGM if it was held at the Registered Office at Kasur. This decision was made for the convenience of the shareholders and to ensure their maximum participation in the AGM. There was no intention on the part of management to violate the provisions of law. It was also stated that on realizing the default, the Company immediately applied to the Commission for *post facto* approval under Sub-section (2) of Section 158 of the Ordinance. A copy of the minutes of the AGM held on December 28, 2001 was also placed on record indicating approval of the general meeting to the annual audited accounts for the year ended June 30, 2001. It was forcefully averred by Mr. Imtiaz Majeed that the default was unintentional and, therefore, a lenient view may be taken.

5. I have carefully considered the arguments advanced on behalf of the Company and its directors. It has been sufficiently demonstrated that the majority of the shareholders of the Company reside in Lahore and holding of AGM was for the benefit and convenience of these shareholders. The Company has also taken necessary steps to get approval of the Commission as soon as the default was transpired. This indicates sincerity of the management towards

observance of the mandatory provisions of the Ordinance. In view of the above, I am of the opinion that although the Company has violated the provisions of Sub-section (2) of Section 158 of the Ordinance, this has not caused any harm to the shareholders rather they stand benefited from holding of AGM at Lahore. Moreover, the Chief Executive and directors were not aware that the provisions of Sub-section (2) of Section 158 of the Ordinance were being violated. In consequence, I impose no penalty under Clause (a) of Sub-section (2) of Section 158 of the Ordinance. The Company, its directors and Chief Executive are, however, advised to observe the compliance of mandatory provisions of the Ordinance in future. The case is accordingly disposed of.

RASHID SADIQ

Executive Director (Enforcement & Monitoring)

Announced
June 11, 2002
ISLAMABAD