

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

IN THE MATTER OF
M/S Quality Steel Works Limited
(IN RESPECT OF SHOW CAUSE NOTICE UNDER SUB-SECTION (1) OF SECTION 158
READ WITH SECTION 476 OF THE COMPANIES ORDINANCE, 1984)

No. and date of show cause notice	No.19 (197) CF/ISS/83/2001 dated May 09, 2001
Date of final hearing	August 20, 2001
Present	Mr. Muhammad Ziauddin, Chief Executive

ORDER

The facts of this case are that *M/S Quality Steel Works Limited* (the “Company”) was required to hold its annual general meeting (AGM) for the years ended June 30, 1999 and 2000 latest by December 31, 1999 and December 31, 2000 respectively under Sub-section (1) of Section 158 of the Companies Ordinance, 1984 (the “Ordinance”). The Company, however, failed to hold the said AGMs within the prescribed period. A show cause notice dated May 09, 2001, therefore, was served on the directors and Chief Executive of the Company to take cognizance of violation of *Sub-section (1) of Section 158* of the Ordinance.

2. The aforesaid show-cause was not responded by the Company. In order to give an opportunity of being heard, the case was fixed for hearing on July 25, 2001, which at the request of the company was adjourned, to August 06, 2001. On the date of hearing, Mr. Muhammad Shakir, Deputy General Manager of the Company appeared and informed that the Chief Executive of the Company was in disposed. He also requested for another adjournment. The case therefore, was re-fixed on August 20, 2001, on which date, Mr. Muhammad Ziauddin, Chief Executive of the Company, appeared and argued the case. He stated the following reasons for delay in holding of AGMs:

- Financial constraints.
- Closure of factory.
- Staff layoff.
- Non-finalization of Audit.

He admitted the default and promised to hold the overdue AGMs upto or before December 31, 2001. He also requested for a lenient view of the defaults.

4. It is the duty of the directors of the Company that they should make serious attempt to carry out their statutory obligations. The contention that the management was unable to hold the

AGMs due to financial constraints, closure of factory, staff layoff and non-finalization of audit of the accounts are not cogent reasons for delaying the holding of AGMs. Had there been serious efforts on the part of directors, there would have been no delay in the holding of AGM. The circumstances and facts placed before me could not prove that the delay in holding of the AGM was beyond the control of the directors. Moreover, the past record of the Company is also unsatisfactory and the Company is habitual defaulters in holding of AGMs.

5. In view of the above discussion and after careful consideration of the arguments given by the company's Chief Executive, the default is considered willful which attracts the provisions of Clause (a) of Sub-section (4) of Section 158 of the Ordinance. However, on the assurance that the Company will ensure timely holding of AGM in future and that the overdue AGMs will be held before December 31, 2001, I take a lenient view of the default and impose a fine of **Rs 20,000** (Rupees twenty thousand only) on each of the following director / chief executive of the Company for the default under Sub Section (1) of Section 158 read with Section 476 of the Ordinance:

1. Mr. Muhammad Ziauddin, Chief Executive
2. Mr. Muhammad Farooq, Director
3. Mr. Muhammad Ismail, Director
4. Mr. Saeed Khan, Director
5. Mr. Ahsan Ahmad, Director
6. Mr. Mushtaq Ahmad, Director
7. Mr. Irshad Ahmad, Director

6. The above named directors / Chief Executive of the Company are directed to deposit the fine in the designated bank account of Securities and Exchange Commission of Pakistan, maintained with Habib Bank Limited within 30 days of the date of this Order and furnish a receipted challan to the Securities and Exchange Commission of Pakistan.

7. The Chief Executive and directors of the Company are hereby directed in terms of Section 473 of the Ordinance to hold the overdue AGMs of the Company upto or before December 31, 2001 after seeking permission from the Registrar under Section 170 of the Ordinance. In case of non-compliance, action will be taken against the directors / Chief Executive of the Company.

RASHID SADIQ
(Executive Director)

Announced
August 20, 2001
ISLAMABAD