



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

Before M. Zafar-ul-Haq Hijazi, Commissioner (E &M)

In the matter of
M/S SIFTAQ INTERNATIONAL LIMITED

No. and date of show cause notice Under Section 158 (for non-holding of AGM for the year ended 30.09.2002)	EMD/233/198/2002/6023-30 April 10, 2003
No. and date of show cause notice Under Section 245 (for non-filing of accounts for the quarter ended 31.12.2002)	EMD/233/198/2002/6038-44 April 10, 2003
No. and date of show cause notice Under Section 246 (for non-filing of accounts For the quarter 31.12.2001 & 30.06.2002)	EMD/233/198/2002/6045-52 April 10, 2003
Date of hearing	August 12, 2003
Present	Mr. Tashfin I. Haq, Chairman

Order

This Order shall dispose of the proceedings initiated against M/S Siftaq International Limited (hereinafter referred to as the “Company”) and its directors for default made in complying with the provisions of Sub-section (1) of Section 158, Sub-section (1) of Section 245 and Sub-section (1) of Section 246 of the Companies Ordinance, 1984 (the “Ordinance”).

2. The underlying facts of this case briefly stated are that the Company was required to prepare and transmit to the members and simultaneously file with the Commission quarterly accounts for the quarters ended December

31, 2001, June 30, 2002 and December 31, 2002 and was also required to hold annual general meeting (AGM) on or before March 31, 2003 for the financial year ended September 30, 2002 in which it failed. Therefore three show cause notices of even number dated April 10, 2003 were issued to the company, Chief Executive and its directors calling upon them to show cause in writing as to why penalty as provided under Sub-section (4) of Section 158, Sub-section (3) of Section 245 and Sub-section (2) of Section 246 of the Ordinance may not be imposed upon them for the aforesaid contravention.

3. In reply to the said show cause notices Mr. Tashfin I. Haq, Chairman, vide his letter dated April 28, 2003, contended to hold the AGM on March 31, 2003 and provided the proof of holding of its AGM. From the submission of Chairman, holding of AGM is validated but the intimation of same to the Commission, which is mandatory in law, could not be provided. The failure of the Company to dispatch the notice of the meeting and accounts the year attracts the penal provision of Section 158 and 246, however due to the fact that the Company has held its AGM in time, taking a lenient view the proceedings initiated under section 158 for non holding of the AGM are dropped herewith with a warning that if the Company again failed to intimate the Commission, regarding holding of AGM etc, a strict view of default will be taken in future. As far as the quarterly accounts were concerned the company has not filed any reply with the above-mentioned letter. In order to conclude on the show cause notices under sections 245 and 246, the case was fixed for July 02, 2003 to provide an opportunity of hearing. However on the date of hearing no one appeared instead Mr. Haq, Chairman filed a letter requesting to condone the personal appearance as he

is an old man of the age of 68 and with no infra structure for the time being he is not in a position to visit Islamabad. He further admitted that quarterly accounts for the quarter ended December 31, 2002 were missed due to closure of factory, shifting of office and ignorance of the rules. It was also submitted that he is trying to revive the company for which negotiation with National Bank of Pakistan are under way. He assured to be careful and compliant in future. To give a final opportunity of hearing to the directors, the case was fixed on August 12, 2003, and on date of hearing Mr. Tashfin I. Haq, Chairman, appeared and pleaded the case.

4. Mr. Haq submitted the same arguments, which were already submitted by him in his written replies, and he assured to be complying with provisions of the law in future.

5. The submissions of the respondents have been given due consideration and as the Chairman himself has admitted the default on the date of hearing as well as in his letter dated June 23, 2003, therefore, no further inquiry into this matter is required. As the ignorance of law is no excuse therefore, the default appears to be willful and intentional, which is further strengthened by the fact that in past the company has been penalized for late holding of annual general meeting. In the circumstances stated above a little strict view of the default is necessary, however as the Chief Executive has given his assurance for complying the requirements of law in future therefore I am again inclined to take a lenient view of the default and hereby impose a fine of Rs. 5,000/- only, on the Chief Executive of the Company, under section 245 of the Ordinance. For the defaults under section 246 instead of imposing maximum fine provided under law, I impose a fine of

Rs. 5000/- only, on the Chief Executive of the Company only. The other directors of the company are condoned taking a lenient view and are issued strict warning for ensuring the compliance of all the provisions of law, especially circulation and filing of quarterly accounts in future.

6. Mr. Tashfin I. Haq, Chief Executive of the company is directed to deposit the fine imposed upon him in the designated bank account maintained in the name of Securities and Exchange Commission of Pakistan with Habib Bank Limited within thirty days from the receipt of this order and furnish the receipted challan to the Commission.

M. Zafar-ul-Haq Hijazi
Commissioner (Enf.)

AUGUST 19, 2003
ISLAMABAD