

Securities and Exchange Commission of Pakistan  
*Enforcement and Monitoring Division*  
7<sup>th</sup> Floor, NIC Building, Jinnah Avenue, Blue Area, Islamabad.

*Before Rashid Sadiq, Executive Director*

*In the matter of*  
QUICE FOOD INDUSTRIES LIMITED

Number and date of notice	19 (888) CF/ISS/95/2001-935 dated February 12, 2002
Date of hearing	June 26, 2002
Present	Mr. Muhammad Afaq Shamsi Chief Executive

## Order

This order will dispose of the proceedings initiated against M/S Quice Food Industries Limited (the “Company”), its directors and Chief Executive for non-compliance with the mandatory provisions of the Companies Ordinance, 1984 (the “Ordinance”) pertaining to holding of Annual General Meeting (“AGM”), presentation of balance sheet and profit and loss account before the Company in AGMs and preparation, transmission and filing of half yearly accounts.

2. The relevant facts of this case, briefly stated, are that the Company was required to hold its AGM for the calendar year 2001 and to lay therein its balance sheet and profit and loss account for the year ended June 30, 2001 on or before December 31, 2001 as required under Sub-section (1) of Section 158 and Sub-section (1) of Section 233 of the Ordinance. The Company was also required to prepare and transmit to its members and the relevant stock exchanges, a profit and loss account and the balance sheet (the “half yearly accounts”) as at December 31, 2000 on or before February 28, 2001 under Clause (a) of Sub-Section (1) of Section 245 of the Ordinance. The Company was also required to file with the Registrar and the Commission three copies of such half yearly accounts simultaneously with the transmission to its members.

3. The Company failed to hold its AGM for the calendar year 2001 and to lay therein its balance sheet and profit and loss account for the year ended June 30, 2001. The Company also

failed to prepare, transmit and file its half yearly accounts for the period ended December 31, 2000 within the prescribed time provided in the Ordinance. The aforesaid non-compliance of the mandatory provisions of the Ordinance called for action against the Company, its directors and Chief Executive.

4. Consequently, a notice dated February 12, 2002 was issued to the Company, its directors and Chief Executive calling upon them to show cause as to why penalties as provided under Clause (a) of Sub-section (4) of Section 158 and Sub-section (3) of Section 245 read with Section 476 of the Ordinance may not be imposed and prosecution proceedings may not be initiated under Sub-section (6) of Section 233 read with Sub-section (7) of Section 230 of the Ordinance.

5. No response was received to the aforesaid show cause notice. In order to give an opportunity of personal hearing, the case was fixed on June 26, 2002 on which date Mr. Muhammad Afaq Shamsi, Chief Executive appeared before me and argued the case. During the course of hearing he admitted the default and undertook to hold AGM for the year ended June 30, 2001 by the end of August 2002. He also promised to circulate the half yearly accounts by that date.

6. Before proceeding to decide this case, I consider it necessary to highlight the importance of the strict observance of the aforesaid mandatory provisions by the Companies. The protection of the investors is one of the primary objectives of the Ordinance. It is the investors 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 and adequate information to them. It is the annual and half yearly accounts, which provide information to the investors about the affairs of the companies. This is necessary for making sound investment decisions by the investors. 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 Company has not observed these compulsory requirements of law.

7. From the aforesaid discussion, it is quite obvious that the Chief Executive and directors of the Company have failed to take necessary steps to carry out their statutory obligations. As Mr. Afaq Shamsi failed to give any valid reason in this regard, therefore, I consider that the default was committed willfully and intentionally.

8. For the foregoing, the defaults under Sub-section (1) of Section 158 and Clause (a) of Sub-section (1) of Section 245 of the Ordinance are established and the Company, its directors and Chief Executive have made themselves liable under Clause (a) of Sub-section (4) of Section 158 and Sub-section (3) of Section 245 of the Ordinance. I, therefore, impose fine of Rs. 20,000 on the Company and its directors including Chief Executive for default in complying with the provisions of Sub-section (1) of Section 158 of the Ordinance for the year ended June 30, 2001 and for the continuous default, taking a lenient view, no further fine is imposed on the Company, its Chief Executive and directors, which is prescribed @ Rs. 2,000/- per day. For the default under Sub-section (1) of Section 245 of the Ordinance for period ended December 31, 2000, I also take a lenient view and instead of imposing a maximum fine of Rs. 100,000 on each of the

directors and Chief Executive, impose a fine of Rs. 25,000 (Rupees fifty thousand) on each of the director including Chief Executive of the Company. The Company, its directors and Chief Executive are directed to deposit fine in the following manner:

Sr. No.	NAME	AMOUNT OF FINE		
		U/S 158 Rupees	U/S 245 Rupees	TOTAL Rupees
1.	M/S Quice Food Industries Limited	20,000	-	20,000
2.	Mr. Shahid Durvish	20,000	25,000	45,000
3.	Mr. Muhammad Afaq Shamsi	20,000	25,000	45,000
4.	Mr. Muhammad Farooq	20,000	25,000	45,000
5.	Mr. Muhammad Ahmed	20,000	25,000	45,000
6.	Mr. Muhammad Asim	20,000	25,000	45,000
7.	Mr. Akhtar Rasheed	20,000	25,000	45,000
8.	Mr. Muhammad Faheem	20,000	25,000	45,000
	<b>TOTAL</b>	<b>160,000</b>	<b>175,000</b>	<b>335,000</b>

9. I give an opportunity to the Company, its Chief Executive and directors to rectify the irregularity by holding overdue AGMs immediately and hope that they would react reasonably. In case the Company, its Chief Executive and directors do not respond positively to the aforesaid leniency and failed to observe the requirements of law, they will find themselves in difficulty in getting any lenient view in case of default in future.

10. The Company, its directors including Chief Executive of the Company are hereby directed to deposit the fine amounting in aggregate to Rs. 335,000 (Rupees three hundred and thirty five thousand only) within 30 days of the receipt of this order and submit a copy of the receipted challan to the Commission.

11. The Commission has already filed a complaint in the Court of Session, Haripur for prosecution of directors for non- presentation of balance sheets and profit and loss accounts for the years ended June 30, 2000 before the Company in its Annual General Meeting for the calendar year 2000. As the Company has also failed to lay its balance sheet and profit and loss account for the year ended June 30, 2001 before the Company in its Annual General Meeting for the calendar year 2001, therefore, the directors including the Chief Executive of the Company have made themselves liable under Sub-section (6) of Section 233 read with Sub-section (7) of Section 230 of the Ordinance. I, therefore, direct my office to take necessary steps to bring the default for the calendar year 2001 to the notice of the Court of Session where a similar complaint for the year 2000 is already pending.

**RASHID SADIQ**

Executive Director (Enforcement and Monitoring)

**Announced**  
**June 28, 2002**  
**ISLAMABAD**