



**SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**

***Enforcement Department***

**Before Javed K. Siddiqui, Executive Director (CL)**

*In the matter of*  
M/s. Quice Foods Industries Limited  
*(Under Sub-section (3) of Section 245 of the Companies Ordinance, 1984.)*

No. & date of show cause notices	EMD/Enf-II/578/2004- dated 19.4.04, 20.7.04 &10.2.2005
Date of hearing	March 30, 2005
Present	Nemo
Date of Order	April 12, 2005

**Order**

This Order shall dispose of the proceedings initiated against the Chief Executive and five other directors of M/s. Quice Foods Industries Limited (hereinafter referred to as the “Company”) for defaults made in complying with the provisions of Sub-section (1) of Section 245 of the Companies Ordinance, 1984 (the “Ordinance”).

2. The facts of this case, briefly stated, are that in terms of the provisions of Section 245 of the Ordinance, the Company was required to prepare and transmit to the members its quarterly accounts for the 2<sup>nd</sup> quarter ended December 31, 2003 latest by February 29, 2004, its 3<sup>rd</sup> quarter accounts for the quarter ended March 31, 2004 latest by April 30, 2004, and its 1<sup>st</sup> quarter accounts for the quarter ended September 30, 2004 latest by October 31, 2004 and file simultaneously the same with the respective Stock Exchange, the Registrar and with the Commission respectively. As the Company failed to file the aforesaid accounts with the Commission within the prescribed time, three separate show cause notices dated April 19, 2004, July 20, 2004 and February 10, 2005 were served on the Chief Executive and other directors of the Company calling upon them to explain as to why penalties as provided under Sub-section (3)



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of Section 245 read with Section 476 of the Ordinance may not be imposed upon them for the aforesaid contraventions.

3. In response to the aforesaid notices, letters dated May 4, 2004, August 10, 2004 and March 8, 2005 were received from the Company Secretary wherein it has been contended that the quarterly accounts were not prepared as the Company has been engaged in preparation of annual accounts for the previous years and without finalizing the same, quarterly accounts cannot be finalized. It was also stated in the letters that the annual and quarterly accounts were not prepared due to long operational dead lock in the Company and due to engagement of management in other disputes with the NAB. As the replies given by the Company Secretary on behalf of the directors were not found satisfactory, several hearings were fixed on 25.6.04, 28.7.04, 27.10.04, 11.11.04 & 11.3.05 however, these could not be held due to adjournments sought by the Company.

4. In order to provide a last opportunity of hearing and for the convenience of the Company whose head office is situated at Karachi, all cases were fixed for March 30, 2005 at Karachi. On the date of hearing i.e on March 30, 2005 a fax letter dated March 25, 2005 seeking adjournment of hearings was received from the Company. The Company was informed verbally over telephone that since the matter was previously adjourned several times on the requests of the Company, no further adjournment can be given. Upon refusal of further adjournment, the Company Secretary came to see me only to request for further adjournment. He came without any authority to appear at the hearing and represent the directors. When asked about any specific reason for seeking such adjournment, he was unable to explain any plausible reason for the same. He was informed that no further adjournments can be allowed however, in order to give the directors ample opportunity, it was further informed that any authorized representative may appear for hearing anytime till the close of business hours on March 30 or March 31, 2005 at Karachi. However, no one appeared before me during those two days.

5. I have given due consideration to the written submissions advanced on behalf of the directors and found that the same do not justify the defaults in non-submission of quarterly accounts to the Commission. As the preparation of annual accounts and quarterly accounts are



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two distinct and separate requirements of law, the directors of the Company are required to ensure full compliance with all statutory requirements well in time. The directors have defaulted earlier also in submission of quarterly accounts and have failed to prepare and transmit these since the year 1998 for which various penalties were also imposed. It appears that the directors do not take the provisions of law seriously, which is clear from the track record of the Company. The directors have thus violated the mandatory provisions of Section 245 of the Ordinance by not preparing quarterly accounts as admitted in their reply to show cause notice and transmitting these to the Commission within the prescribed time.

6. Under the circumstances, I am of the opinion that the contentions of the Company do not justify the defaults committed. The notice fixing the hearing date clearly mentioned that if the directors do not appear in person or through authorised representative at the hearing fixed for March 30, 2005, the matter will be decided on merit and on the basis of well settled principles of natural justice and record available with the Commission.

7. In view of the foregoing, the default is established. I, therefore, in exercise of powers conferred upon me under Section 245 read with Section 476 of the Ordinance, impose a fine of Rs. 100,000/- (Rupees one hundred thousand only) on the Chief Executive and each director of the Company in the following manner:

S. No	Name of Director	Penalty
1	Mr. Muhammad Afaq Shamsi, Chief Executive	Rs. 100,000/-
2	Mr. Muhammad Ahmad, Director	Rs. 100,000/-
3	Mr. Muhammad Farooq, Director	Rs. 100,000/-
4	Mr. Akhtar Rasheed, Director	Rs. 100,000/-
5	Mr. Muhammad Asim, Director	Rs. 100,000/-
6	Mr. Muhammad Fahim, Director	Rs. 100,000/-
	<b>Total</b>	<b>Rs. 600,000/-</b>



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8. The Chief Executive and other directors of the Company are hereby directed to deposit within 30 days of the date of receipt of this order the aforesaid fine totaling to Rs.600,000/- (Rupees six hundred thousand only) in the Commission's designated bank account No. 10464-6 maintained at Central Branch-2, HBL Plaza, I.I Chundrigar Road, Karachi or by a DD/Pay order issued in the name of Commission and sent a copy of the receipt to the Commission for information and record. It may also be noted that the said penalties are imposed on the Chief Executive and other directors in their personal capacity who are required to pay the said amount from their personal resources.

**Javed K. Siddiqui**  
Executive Director (CL)



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