



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 (4) of Section 158 of the Companies Ordinance, 1984)

No. and date of show cause notice	EMD/Enf-II/289/2003 Dated December 6, 2004
Date of hearing	March 30, 2005
Present	Nemo
Date of Order	April 15, 2005

ORDER

This Order shall dispose off the proceedings initiated against the Chief Executive and 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 158 of the Companies Ordinance, 1984 (the “Ordinance”).

2. The facts leading to this case, briefly stated, are that in terms of the provisions of Sub-section (1) of Section 158 of the Ordinance, the Company was required to hold its Annual General Meeting (“AGM”) for the year ended June 30, 2004 on or before October 31, 2004. Failure of the Company to comply with the aforesaid mandatory requirement necessitated action against the Directors in terms of Sub-section (4) of Section 158 of the Ordinance. Accordingly, a show cause notice dated December 6, 2004 was served upon the Directors including its Chief Executive calling upon them to show cause within 14 days of the receipt of notice as to why penal action may not be taken



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Enforcement Department

against them under Sub-section (4) of Section 158 read with Section 476 of the Ordinance for the aforesaid contravention. No reply was received for the said notice.

3. In order to afford an opportunity of personal hearing, the matter was fixed for January 6, 2005 at Islamabad. However, no one appeared for the hearing. In response to the hearing notice, a letter dated January 4, 2005 was received on January 7, 2005 where the Company Secretary requested for adjournment of hearing. In the above letter he also informed that the Company had applied to the concerned registrar for extension of 90 days to hold the overdue meeting. A copy of such letter addressed to the concerned registrar was also annexed and sent to the Commission for information. The contents of above letter were examined and observed that the same was not a proper application as required under Rule 14 & 30 of the Companies (General Provisions & Form) Rules, 1985. As no body appeared to attend the hearing on January 6, 2005, the matter was re-fixed for January 17, 2005. However, no one again appeared for hearing and instead a written reply dated January 14, 2005 was sent to the Commission on January 17, 2005 wherein the Company Secretary reiterated the same grounds as intimated earlier vide letter dated January 4, 2005. In order to give an ample opportunity to the Directors, the matter was re-fixed for hearing on January 26, 2005. Yet again no response was received nor did anyone appear for hearing on that date. The matter was re-fixed for February 10, 2005. The Directors of the Company instead of appearing for hearing again sent a written reply dated February 7, 2005 which was received on February 10, 2005 wherein the Company Secretary informed that the annual general meeting for the year ended June 30, 2004 could not be held as the Company has applied to the Commission for grant of direction under Section 170 of the Ordinance to hold its over due annual general meetings for the years 2001, 2002 & 2003. However, no copy of the properly filed application was attached with the letter. As the Company had failed to hold annual general meeting within the prescribed time and also failed to appear at various hearings fixed at Islamabad, the matter was finally fixed on March 30, 2005 at Karachi for the convenience of the Company whose head office is also situated at Karachi. It was clearly mentioned in



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Enforcement Department

the hearing notice that failure to appear at the hearing will result in a decision been taken on well settled principles of natural justice and record available with the Commission.

4. On the date of hearing i.e. on March 30, 2005, a fax letter dated March 28, 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 earlier also, 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. Considering the circumstances of the case and the letters received from the Company in response to various notices, I am of the view that their contentions do not carry any merit. It is the responsibility of the Directors of the Company to timely hold the AGM as this is the only forum available to the shareholders where they can discuss, speak and vote on the significant matters like approval of accounts, appointment of auditors, election of directors and other important issues relating to the performance of the Company. A perusal of the record reveals that in the past also, the management had committed default for which penalties were imposed on the Chief Executive and Directors of the Company. The repetition of default shows that the management of the Company does not take the provisions of law seriously. Accordingly, the default under Section 158 is considered willful and deliberate, which attracts the penal provisions of Sub-section (4) of Section 158 of the Ordinance.



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Enforcement Department

6. In view of the above, I, in exercise of powers conferred upon me under Section 158 read with Section 476 of the Ordinance, impose a fine of Rs. 50,000/- (Rupees fifty 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. 50,000/-
2	Mr. Muhammad Ahmad, Director	Rs. 50,000/-
3	Mr. Muhammad Farooq, Director	Rs. 50,000/-
4	Mr. Akhtar Rasheed, Director	Rs. 50,000/-
5	Mr. Muhammad Asim, Director	Rs. 50,000/-
6	Mr. Muhammad Fahim, Director	Rs. 50,000/-
	Total	Rs. 300,000/-

7. 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 total amounting to Rs. 300,000/- (Rupees three 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 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 and are required to pay the said amount from their personal resources.

Javed K. Siddiqui
Executive Director (CL)