

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

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*Aug 20, 2001*

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**Before Rashid Sadiq, Executive Director  
In the matter of**

**M/S QUALITY STEEL WORKS LIMITED**

Number and date of show cause notice 19(197)CF/ISS/83-2001-II

**dated**  
May 09, 2001

**Date of hearings**  
August 20, 2001

**Appearance:**

Mr. Muhammad Ziauddin, Chief Executive

**ORDER UNDER CLAUSE (B) OF SUB SECTION (1) OF SECTION 245 READ  
WITH SECTION 476 OF THE COMPANIES ORDINANCE, 1984)**

The facts of this case are that M/s Quality Steel Works Limited (the "Company") was required to prepare and transmit to the members within two months of the close of the first half of its year of account, the profit and loss account and the balance sheet (the "half yearly accounts") as at the end of that year under clause (a) of Sub--Section (1) of Section 245 of the Companies Ordinance, 1984 (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 the members.

2. The Company failed to prepare and transmit the half yearly accounts for the period ended December 31, 2000 to the members and file the same with the Commission within the prescribed time. A show cause notice dated May 09, 2001 was, therefore, served on the Company, its directors and Chief Executive of the Company calling upon -them to "show cause in writing within 14 days of the receipt of this notice as to why penalty as

provided in Sub-section (3) of Section 245 of the Ordinance may not be imposed for the aforesaid contravention.”

3. As no response to the afore-said show cause notice was received, therefore, in order to give an opportunity of being heard, a hearing in this case was fixed on July 07, 2001, which at the request of the company was adjourned and re-fixed on 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 indisposed. 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.

He admitted the default and promised to transmit and file the overdue half yearly accounts to the members and this Commission respectively, before September 30, 2001. He also requested for a lenient view of the default.

4. The management of the Company is responsible for the timely preparation, circulation and filing of half yearly accounts. The directors cannot escape their duties for preparation and filing of accounts on the mere grounds of financial constraints, closure of factory and staff lay-offs. The reasons stated for the default are unsatisfactory and, therefore, are not sustainable. It could not be proved that it was beyond the control of directors to comply with the requirement of the provisions clause (a) of Sub-section (1) of Section 245 of the Ordinance. The directors should have made a serious attempt for preparation, circulation and filing of half yearly accounts within prescribed time. Moreover, the past record of the company is also highly un-satisfactory and the company is habitual defaulter in preparation of half yearly accounts, its circulation to the members and filing with the Commission

5. In view of the above discussion and taking into consideration all the relevant facts, the default is considered willful, which attracts the provisions of Sub-section (3) of Section 245 of the Ordinance. However, on the assurance that the Company would comply with its statutory obligations in future within prescribed time; I take a lenient view of the default and, instead of imposing a fine of Rs. 100,000/- on every director including the Chief Executive of the Company, hereby impose a fine of Rs.20,000/- (Rupees Twenty thousand only) on each of the following directors including Chief Executive of the Company under Sub-section (3) of Section 245 read with Section 476 of the Ordinance with a strict warning that in case of default in future, maximum penalty would be imposed:

- (i). Mr. Muhammad Ziauddin, Chief Executive.
- (ii). Mr. Muhammad Farooq, Director.

- (iii). Mr. Muhammad Ismail, Director.
- (iv). Mr. Saeed Khan, Director.
- (v). Mr. Ahsan Ahmad, Director.
- (vi). Mr. Mushtaq Ahmad, Director.
- (vii). 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.

**RASHID SADIQ**  
(Executive Director (Enforcement and Monitoring))

**Announced**  
August 20, 2001  
ISLAMABAD