

Before Dr. Sajid Oureshi, Executive Director (Company Law)

In the matter of

M/s. Quice Food 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 May 03, 2006 & May 23, 2006
Date of hearing	July 10, 2006
Present	Mr. Akhtar Rashid, Director & Iqbal Shahid, Company Secretary
Date of Order	August 23, 2006

Order

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

2. The facts leading to 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 and simultaneously file with the Registrar and the Commission its quarterly accounts for the 2nd quarter ended December 31, 2005 and 3rd quarter ended on March 31, 2006 by February 28, 2006 and April 30, 2006 respectively. Failure of the Company to comply with the aforesaid mandatory requirements within the prescribed time necessitated action against the responsible directors of the Company in terms of Sub-section (3) of Section 245 of the Ordinance. Consequently, show cause notices dated May 03, 2006 and May 23, 2006 were served on the directors including the Chief Executive of the Company calling upon them to show cause as to why penalties as provided under Sub-section (3) of Section 245 read



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with Section 476 of the Ordinance may not be imposed on them for the aforesaid contravention.

3. In response to the show cause notices, Mr. Iqbal Shahid, Company Secretary contended vide letters dated May 16 and June 03, 2006 that the quarterly accounts could not be filed in time with the Commission due to the reason that the Company had been facing adverse circumstances since last few years. There was notable pressure to rectify the corporate defaults including completion of annual accounts for the years 2004 and 2005, holding of pending AGMs as well as preparation of quarterly accounts. It was further stated that the Commission through an order dated March 01, 2006 instructed the Company to make good the continuing defaults under Section 158 within 37 days. Mr. Iqbal informed that the Company has held the overdue AGMs and after finalization of annual accounts, sent to the Commission the quarterly accounts for the 2nd quarter ended December 31, 2005 with a delay of 33 days, whereas the accounts for the 3rd quarter ended March 31, 2006 were filed on May 25, 2006. The reply given by the Company Secretary on behalf of the directors was not found satisfactory.

4. In order to provide an opportunity of personal hearing, the matter was fixed for July 10, 2006. On the date of hearing Mr. Akhtar Rasheed, director of the Company and Mr. Iqbal Shahid, Company Secretary appeared before me to argue the case on behalf of the directors of the Company. They admitted the defaults and contended that the Company remained closed since 1999, there were no sales, all the staff were laid off. It was informed that the management has now controlled the affairs of the Company and there is improvement in compliance of the statutory provisions of law as the overdue AGMs have been held on March 20, 2006 and annual and quarterly accounts have been filed. They regretted for the delay and requested for a lenient view and assured strict compliance of the provisions of the Ordinance by the directors of the Company in future.



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5. I have given due consideration to the written as well as verbal submissions advanced at the time of hearing on a behalf of the directors and found that the same do not justify the default for late submission of quarterly accounts to the Commission. As the preparation of the annual and quarterly accounts are two distinct and separate requirements of law, the directors of the Company are required to ensure full compliance with all statutory requirements within prescribed time. The directors have defaulted earlier also in submission of quarterly accounts and have failed to prepare and transmit these accounts since the year 1999 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 also admitted in their reply to show cause notices. It is also to be mentioned that during the course of hearing the representatives of the directors were advised to furnish undertaking from the directors to ensure timely compliance in future which has not been furnished till date.

6. In view of the foregoing, the default is established. I, therefore, in exercise of powers conferred upon me under Sub-section (3) of Section 245 read with Section 476 of the Ordinance, instead of imposing maximum fine of Rs. 100,000/- on every director and a further fine of Rs. 1,000/- per day for the continuous default, impose a fine of Rs. 10,000/- (Rupees ten thousand only) on the Chief Executive and each of the responsible director of the Company in the following manner: -

S. No.	Name	Penalty (in Rs.)
1.	Mr. Muhammad Afaq Shamsi, Chief Executive	10,000
2.	Mr. Muhammad Ahmed, Director	10,000
3.	Mr. Muhammad Farooq, Director	10,000
4.	Mr. Akhtar Rasheed, Director	10,000
5.	Mr. Shahid Shafi, Director	10,000
6.	Mr. Jawed Yamin, Director	10,000
7.	Mr. Shakeel Ahmed, Director	10,000
	Total	70,000



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7. The Chief Executive and directors of M/s. Quice Food Industries Limited are hereby directed to deposit the aforesaid fines aggregating to Rs. 70,000/- (Rupees Seventy thousand only) 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 receipted vouchers or pay by a DD/pay order issued in the name of Commission for information and record, failing which proceedings under the Land Revenue Act,1967 will be initiated which may result in the attachment and sale of movable and immovable property. 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.

Dr. Sajid Qureshi

Executive Director (Company Law)