

Before Dr. Sajid Qureshi, 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 April 01, 2005 & June 02, 2005
Date of hearing	December 27, 2005
Present	No one appeared
Date of Order	December 28, 2005

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, 2004 and 3rd quarter ended March 31, 2005 by February 28, 2005 and April 30, 2005 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, separate show cause notices dated April 01, 2005 and June 02, 2005 were served on all 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



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245 read 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 his letter dated June 10, 2005 that the quarterly accounts could not be filed with the Commission due to delay in the audit process of annual accounts for the year ended June 30, 2004. He further submitted that due to some adverse circumstances, the annual accounts could not be prepared in time which affected the forthcoming quarterly accounts. The case was also fixed for hearing on June 15, 2005, however, the hearing was adjourned on the request of the Company that the quarterly accounts shall be prepared and filed by the next date of hearing. In order to provide another opportunity of personal hearing and to facilitate the directors of the Company, the matter was re-fixed at Karachi on November 22, 2005. However, no one appeared on the date of hearing, instead a written reply was filed by the Company Secretary vide his letter dated November 17, 2005 wherein it was stated that all the directors of the Company have left for Raiwind to attend the 'Tablighi Ijtama' and that they will return on November 22 or 23, 2005. He requested to adjourn the hearing for few days. Accordingly, the matter was again fixed for December 27, 2005 but again neither anybody appeared for hearing nor the quarterly accounts were filed. However, the Company Secretary vide his letter dated December 23, 2005 informed that Mr. Muhammad Fahim is no more director on the Board and that Mr. Shakeel Ahmed and Mr. Javed Yamin are the concerned directors. He also submitted that they are not avoiding the hearings willfully but are waiting for a time when they would be able to show exact and accurate figures in their latest accounts. He also contended that they are facing a case in the NAB filed by Allied Bank Limited due to which they could not complete their accounts with accurate figures of their liabilities. It was added that they are well aware of the statutory requirements and have a strong will to meet the said requirements as soon as the matter with NAB shows a clear picture. He requested to extend the date of hearing for a couple of weeks.

4. I have given due consideration to the written submissions advanced by Mr. Shahid Iqbal, Company Secretary on behalf of the directors and found that the same do not justify the defaults in non-submission of quarterly accounts. As the preparation of annual accounts and



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quarterly accounts are two separate requirements of law, the directors of the Company are, therefore, required to ensure full compliance with all statutory requirements within prescribed time. The directors have defaulted earlier also in submission of quarterly accounts and failed to prepare and transmit these accounts in time since 1998 for which 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 by the Company Secretary in his reply to the show cause notices.

5. Under the circumstances, I am of the opinion that the contentions of the Company do not justify the defaults committed u/s 245. As the notice fixing the hearing date clearly mentioned that in case the directors do not appear in person or through an authorized representative at the hearing fixed for December 27, 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. In view of the foregoing, the matter cannot be delayed any more and no opportunity of further hearing can be allowed.

6. In view of the above, 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, impose a fine of Rs. 30,000/- (Rupees thirty thousand only) on the Chief Executive and each of the responsible director of the Company (except Mr. Muhammad Fahim, who has since resigned) for each default in the following manner: -

S. No.	Name	Penalty (in Rs.)	Penalty (in Rs.)	Total Penalty (in Rs.)
		Quarter ended December 31, 2004	Quarter ended March 31, 2005	
1.	Mr. Muhammad Afaq Shamsi, Chief Executive	30,000	30,000	60,000



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2.	Mr. Muhammad Ahmed, Director	30,000	30,000	60,000
3.	Mr. Muhammad Farooq, Director	30,000	30,000	60,000
4.	Mr. Akhtar Rasheed, Director	30,000	30,000	60,000
5.	Mr. Muhammad Asim, Director	30,000	30,000	60,000
6.	Mr. Jawed Yamin, Director	30,000	30,000	60,000
7.	Mr. Shakeel Ahmed, Director	30,000	30,000	60,000
	Total	210,000	210,000	420,000

7. The Chief Executive and directors of M/s. Quice Food Industries Limited are hereby directed to deposit the aforesaid fines aggregating to Rs. 420,000/- (Rupees four hundred and twenty 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)