

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 December 22, 2005 & January 17, 2006
Date of hearing	January 27, 2006
Present	No one appeared
Date of Order	February 02, 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 1st quarter ended September 30, 2005 by October 31, 2005. 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 December 22, 2005 & January 17, 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 with Section 476 of the Ordinance may not be imposed on them for the aforesaid contravention.



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3. In response to the show cause notices, a letter dated January 06, 2006 was received from Mr. Iqbal Shahid, Company Secretary wherein it was contended that the quarterly accounts could not be filed with the Commission due to the problems in finalization of annual accounts. He added that the figures to be shown in quarterly accounts for the 1st quarter ended September 30, 2005 depend upon those which have appeared in the last annual accounts for the year ended June 30, 2005. It was further stated that the Commission through a recent notice under Section 472 (1) dated January 03, 2006 has instructed the Company to make good the continuing defaults under Section 158 within 30 days. Mr. Iqbal informed that the Company is trying its best to meet the said requirement within the stipulated period and that the quarterly accounts will be filed after finalization of annual accounts. 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 January 27, 2006. It was clearly mentioned in the hearing notice that failure to appear at the hearing will result in a decision taken on well settled principles of natural justice and record available with the Commission. However, neither any one appeared before me on the date of hearing nor any written reply was received. This leads me to believe that the Chief Executive and directors of the Company have nothing in their defence, and they are deliberately avoiding appearance in the hearing.

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 default in non-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 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



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Section 245 of the Ordinance by not preparing quarterly accounts as admitted in their reply to show cause notices.

6. Under the circumstances, I am of the opinion that the contentions of the Company do not justify the default committed. The notice fixing the hearing date clearly mentioned that if the directors do not appear in person or through an authorized representative at the hearing fixed for January 27, 2006, 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 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. 30,000/- (Rupees thirty 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.)
		Quarter ended September 30 , 2005
1.	Mr. Muhammad Afaq Shamsi, Chief Executive	30,000
2.	Mr. Muhammad Ahmed, Director	30,000
3.	Mr. Muhammad Farooq, Director	30,000
4.	Mr. Akhtar Rasheed, Director	30,000
5.	Mr. Muhammad Asim, Director	30,000
6.	Mr. Jawed Yamin, Director	30,000
7.	Mr. Shakeel Ahmed, Director	30,000
	Total	210,000

8. The Chief Executive and directors of M/s. Quice Food Industries Limited are hereby directed to deposit the aforesaid fines aggregating to Rs. 210,000/- (Rupees Two hundred and ten 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



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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)