

**Before Mr. Tahir Mahmood, Executive Director (Enforcement)**

*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 January 12, 2007
Date of hearing	April 02, 2007
Present	Mr. Akhtar Rashid, Director and Iqbal Shahid, Company Secretary
Date of Order	April 13, 2007

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## **Order**

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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 1<sup>st</sup> quarter ended September 30, 2006 by October 31, 2006. 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 January 12, 2007 was 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. No reply was received to the aforesaid show cause notice.



**SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**  
*Enforcement Department*

*Continuation Sheet -1-*

3. In order to provide an opportunity of personal hearing, the matter was fixed for hearing on March 29, 2007 which was adjourned and re-fixed for April 02, 2007. On the date of hearing, Mr. Akhtar Rasheed, Director and Mr. Iqbal Shahid, Company Secretary appeared before me on behalf of the Directors of the Company to argue the case. During the course of hearing, while admitting the default, they contended that due to non finalization of annual accounts for the year ended June 30, 2006, quarterly accounts for the 1<sup>st</sup> quarter ended September 30, 2006 could not prepared/circulated. They further contended that the annual accounts could not be finalized and audited due to auditors' problem. It was informed that the previous auditors resigned on March 27, 2006 and the Company requested the Commission to allow the new auditors to audit the annual accounts for the aforesaid period. They regretted for the default and requested for a lenient view and assured strict compliance of the provisions of the Ordinance by the Directors of the Company in future.

4. I have given due consideration to the arguments advanced at the time of hearing on behalf of the directors and found that the same do not justify the default for 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 December 31, 2001 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. 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.

5. 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



**SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**  
*Enforcement Department*

Continuation Sheet -2-

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: -

<b>S. No.</b>	<b>Name</b>	<b>Penalty (in Rs.)</b>
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
	<b>Total</b>	<b>70,000</b>

6. 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.

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**Tahir Mahmood**  
Executive Director (Enforcement)