



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
Securities Market Division
Market Supervision and Registration Department (MSRD)

Before the Director/HOD (MSRD)

In the matter of Show Cause Notice issued under Section 224(4) of the Companies Ordinance, 1984 to Mr. Muhammad Atif, Chief Executive of Quice Food Industries Limited

Date of Hearing:

October 30, 2014

Present at Hearing:

Representing the Respondent:

Mr. Muzaffar Hussain,

Assisting the Director/HOD (MSRD):

Mr. Muhammad Farooq,
Joint Director, SECP

Order

This order will dispose of the proceedings initiated under Section 224(4) of the Companies Ordinance, 1984 (“**Ordinance**”) by the Securities and Exchange Commission of Pakistan (“**Commission**”) through Show Cause Notice No. SMD/BOW/222/8(382)14 dated 02/07/2014 (“**Notice**”) issued to Mr. Muhammad Atif (“**Respondent**”), Chief Executive of Quice Food Industries Limited (“**Issuer Company**”).

2. The facts of the matter leading up to aforesaid Notice are that the Issuer Company is a public listed company and the Respondent being its Chief Executive was required to Form 32 for the following changes in his beneficial ownership, within the period stipulated under Section 222 of the Ordinance:-

Sr. No.	Date	No. of Shares Bought	No. of Shares Sold
1	01-03-2011	25,000	
2	02-03-2011		1,000
3	03-03-2011	5,000	2,000
4	04-03-2011	3,000	
5	09-03-2011	1,500	
6	15-03-2011	5,000	
7	22-03-2012	40,000	40,000
8	23-05-2011		2,500
9	06-06-2011	177,000	

3. Section 222(2)(b) and Section 222(2)(c) of the Ordinance stipulate the period within which the Form 31 and Form 32 respectively are to be submitted as under:-

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222(2)(b) "in any other case, including a case where the company is listed on the stock exchange after the commencement of this Ordinance or after the person has occupied the position or office specified in sub-section (1) or has acquired interest as beneficial owner of securities as aforesaid, within thirty days of occupying the office in the company or acquisition of interest as beneficial owner requiring submission of the return aforesaid or listing of the company on the stock exchange, as the case may be";

222(2) (c) "where there is any change in the position or interest as aforesaid including a change in the beneficial ownership of any equity, security, within fifteen days of such change".

4. Since the Respondent failed to discharge his aforesaid obligations, within the prescribed time limit, therefore, he was asked vide letter dated 07/09/2012, followed by a reminder dated 23/10/2012, for filing of Form 32. In response, the Company Secretary of the Issuer Company vide letter dated 06/11/2012 stated that "the return of beneficial ownership will be filed with the commission upon receiving of data from the concerned brokerage house". The said request was accepted vide letter dated 14/11/2012. But, despite said pledge as well as reminders dated 20/06/2013 and 20/12/2013, the Respondent did not file the returns of beneficial ownership, in contraventions of Section 222(2)(c) of the Ordinance. The said contraventions attract penal provision of Section 224(4) of the Ordinance, which provides as under:-

"Whoever knowingly and wilfully contravenes or otherwise fails to comply with any provision of section 222, section 223 or section 224 shall be liable to a fine which may extend to thirty thousand rupees and in the case of a continuing contravention, non-compliance or default to a further fine which may extend to one thousand rupees for every day after the first during which such contravention, non-compliance or default continues".

5. The Commission took cognizance of the aforesaid default and issued Notice to the Respondent under Section 224(4) of the Ordinance, wherein he was:-

- a) directed to file Form 31 (as first disclosure of beneficial ownership) and Form 32 showing therein details of subsequent changes in beneficial ownership with this Commission (including the aforementioned), within 14 days of the issue of this Notice, and
- b) called upon to show cause and explain through written reply along with documentary evidence, if any, within the above stipulated period as to why action may not be taken against him in pursuance of Section 224(4) of the Ordinance, for aforesaid contraventions of Section 222 of the Ordinance.





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6. Neither the Respondent replied the Notice nor filed the returns of beneficial ownership. In order to provide an opportunity of being heard in person, hearing in the matter was fixed on 08/08/2014 at the Commission's Head Office, Islamabad. Mr. Muzaffar Hussain, ("Authorized Representative") appeared on behalf of the Respondent and requested for adjournment of the hearing and extension in time for filing of the returns of beneficial ownership, with the plea that the same could not be filed earlier due to unavailability of the record. The request of the Respondent was accepted. The Respondent filed Form 32, with this office on 02/10/2014. The said return of beneficial ownership showed that Respondent purchased 256,500 shares and sold 45,500 shares from 01/03/2011 to 06/06/2011. Thus, he was required to file Form 32 for each change in beneficial ownership, within fifteen days of the change. Hence, Form 32 for said changes has been filed on 02/10/2014 with delay ranging from 1296 days to 909 days. But, the purchase and sale rates were not given in the said Form 32.

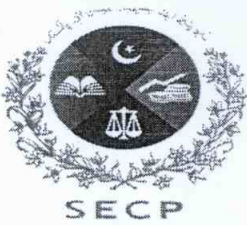
7. The hearing in the matter was scheduled for 30/10/2014 at Commission's Karachi Office. The Authorized Representative appeared on behalf of the Respondent. The submissions made by the Authorized Representative in writing as well as verbally during the course of hearing be summarized as under:-

- a) *Such a long delay in filing of Form 31 and Form 32 was due to unavailability of concerned data. The entire transactions were made, when shares of the Issuer Company were handled in physical form.*
- b) *The entire details of all purchase and sale of shares has been held with the concerned brokerage house and their computer system/server was too faulty to provide any sort of information.*
- c) *The default may not be considered intentional, because in the absence of relevant data, the Respondent was unable to file the returns of beneficial ownership. Thus, the same may kindly be condoned.*

8. During the course of hearing, the Authorized Representative was asked for filing of revised returns of beneficial ownership, showing therein the rates of the transactions. The Respondent filed the revised Form 32 on 25/11/2014, showing therein the said rates.

9. I have considered the aforesaid submissions made in writing as well as verbally by the Authorized Representative during the course of hearing. The Respondent has admitted the default of late filing of the returns of beneficial ownership with the contention that the same could not be filed within the stipulated time period, due to non-availability of data from the respective brokerage house. It is important to mention here that on the same plea, the Respondent sought extension in time for filing of the said returns twice i.e. before the issuance of the Notice in November, 2012 and after the issuance of the Notice in August 2014. In my view, the plea of the Respondent does not seem to be plausible, because, each client receives confirmation memo from brokerage house upon execution of orders/trades.





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10. In order to arrive at decision, I have reviewed the record of this office, which reveals that the Respondent was asked vide letter dated 07/09/2012 followed by reminder dated 23/10/2012 for filing of Form 32 for aforesaid changes in his beneficial ownership. Upon Company Secretary's request vide letter dated 06/11/2012, the Respondent was allowed to file the said returns latest by 15/11/2012. But, despite pledge made in the aforesaid letter dated 06/11/2012 and Commission's letters/reminders dated 07/09/2012, 23/10/2012, 14/11/2012, 20/06/2013 and 20/12/2013, he did not file the returns, until the Notice was issued. This behavior signifies that the Respondent did not take the matter seriously and was not desirous in discharging his legal obligations. Such disobedience of law by Chief Executive of a listed company is a matter of deep concern and highly disappointed. The returns of beneficial ownership filed by him in response to the Notice involve delay ranging from 1296 days to 909 days.

11 In view of the above, I am of the considered opinion that the Respondent has contravened the provisions of Section 222 of the Ordinance. Therefore, in exercise of powers conferred under Section 224 (4) of the Ordinance, I hereby impose a fine of Rs. 289,200/- (two eighty-nine thousand two hundred rupees only) on the Respondent, as under:-

Nature of violation	Requirement of the law	Fine imposed (Rs.)
Section 222(2)(c)	Filing of Form 32, with 15 days of the change in beneficial ownership	30,000/-
	For continue contravention, non-compliance, Rs. 200 per day, which continued for 1296 days	259,200
Total		Rs. 289,200

12. The Respondent is directed to deposit the fine in the account of the Commission being maintained in the designated branches of MCB Bank Limited within 30 days of the date of this Order and furnish Original Deposit Challan to this office.

13. This Order is issued without prejudice to any other action that the Commission/Registrar may initiate against the Respondent in accordance with the law on matter subsequently investigated or brought to the Notice of the Commission.

Islamabad.
Announced on November 28, 2014



(Imran Inayat Butt)
Director/HOD (MSRD)