



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Securities Market Division
Licensing and Capital Issue Department

Before the Director/HOD (LCID)

In the matter of

Review Application filed under Section 484 of the Companies Ordinance, 1984
by Mr. Fruqan Hussain, a more than ten percent shareholder of Quice Food Industries Limited

Date of Hearing:

June 30, 2015

Present at Hearing:

Representing the Applicant:

Mr. Muzaffar Hussain,

Assisting the Director/HOD (MSRD):

*Mr. Muhammad Farooq,
Joint Director, SECP*

Order

This order will dispose of Review Application filed under Section 484 of the Companies Ordinance, 1984 (the "**Ordinance**") by Mr. Furqan Hussain ("**Applicant**"), a beneficial owner of more than ten percent ordinary shares of Quice Food Industries Limited ("**Issuer Company**") against the Order dated 28/11/2014 ("**impugned Order**") under Section 224(4) of the Ordinance.

2 Brief facts leading to this Review Application are that the Issuer Company is a public listed company and the Applicant being its beneficial owner of more of more than ten percent ordinary shares was required to file Form 31 as first disclosure of beneficial ownership and Form 32 for the thereafter changes in beneficial ownership, within the period stipulated under Section 222 of the Ordinance. But, the Applicant failed to do so. The Commission, therefore, took cognizance of the aforesaid default and issued Show Cause Notice dated 01/07/2014 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 within 14 days of the issue of this Notice, and

Page 1 of 4

SECURITIES & EXCHANGE
COMMISSION OF PAKISTAN
NIC Building, 63 Jinnah Avenue,
Islamabad, Pakistan

PABX: +92-51-9207091-4, Fax: +92-51-9218595, Email: webmaster@secp.gov.pk, Website: www.secp.gov.pk





SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Securities Market Division
Licensing and Capital Issue Department

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.

3. The Respondent filed Form 31 and Form 32 with this office on 10/09/2014. The said returns of beneficial ownership/documents received from the Respondent showed as under:-

- i. The Respondent acquired status of more than ten percent beneficial owner of the Issuer Company on 26/02/2011 and 5,383,131 ordinary shares were beneficially owned by him. Thus, he was required to file the said return latest by 28/03/2011, but the same has been filed on 10/09/2014, with delay of 1,262 days.
- ii. The returns filed on Forms 32, showed that Respondent purchased 115,097 shares, acquired 31,711,000 shares as other than right and sold 27,280,520 shares from 02/08/2011 to 04/04/2014. 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 have been filed on 10/09/2014 with delay ranging from 1120 days to 71 days.

4. After considering the submissions made in writing as well as verbally by the Authorized Representative of the Applicant, it was inferred that the Applicant has contravened the provisions of Section 222 of the Ordinance. Therefore, in exercise of powers conferred under Section 224 (4) of the Ordinance, a fine of Rs. 691,000/- (six hundred ninety-one thousand rupees only) was imposed on the Applicant, as under:-

Nature of violation	Requirement of the law	Fine imposed (Rs.)
Section 222(2)(b)	Filing of Form 31, with 30 days of the acquisition of beneficial ownership	30,000/-
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. 500 per day, which continued for 1262 days		631,000
Total		Rs. 691,000

5. The Applicant being unsatisfied preferred this Review Application under Section 484 of the Ordinance against the impugned Order. The hearing in the matter was fixed for April 28, 2015, which on the request of Mr. Muzaffar Hussain, ("Authorized Representative") was adjourned and re-fixed for June 30, 2015. The Authorized Representative appeared on behalf of the Applicant. At the outset, the Authorized Representative reiterated the arguments which were





SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Securities Market Division
Licensing and Capital Issue Department

presented at time of hearing conducted before passing the impugned order in original jurisdiction. Since the same have been discussed in detail in the impugned order, therefore, there is no need to reproduced/re-discussed here. The additional arguments/submissions made by the Authorized Representative in writing as well as verbally during the course of hearing be summarized as under:-

- a) The Applicant has recently found copy of two returns of beneficial ownership on Form 31 previously filed with the Commission in the year 2012, which could not be presented during the course of proceedings of Order passed in original jurisdiction.
- b) The Applicant and Mr. Atif, Chief Executive Officer of the Company both had violated the same provisions of the Ordinance for the same period of time; however, the penalty imposed for non-compliance is different for both of them.
- c) The Applicant is filing returns of beneficial ownership regularly, after the impugned Order.
- d) The Authorized Representative requested that taking into consideration the above stated facts, the delay in filing of Form 31 may be recalculated and penalty may be reduced up to the extent imposed on Chief Executive of the Company for same nature of default.

6. I have heard the Representative of the Applicant and have gone through the contents of the Review Application and copy of Form-31 submitted with the Review Application. The said documents show that:-

- i. The Applicant submitted online Form 31 as at 13/04/2012 showing therein 21,986,000 shares.
- ii. The Applicant filed another Form 31 as at 16/10/2012 instead of Form 32 for allotment of 9,725,000 ordinary shares by way of other than right.

7. In this regard it is pointed out that as per then arrangement, returns of beneficial ownership were required to be filed online with the relevant Company Registration Office, while its hard copy was required to be submitted to Head Office of the Commission. In the instant case, it appears that the aforesaid Form 31 was apparently filed with relevant Company Registration Office ("CRO"), but hard copy of the same has not been filed with the Head Office of the Commission. It is pertinent to mention that the Commission generally takes lenient view of the matter/default, if returns of beneficial ownership were filed with CRO, but their filing with the Commission was skipped inadvertently. It is also worth mention that in the instance case, the aforesaid Form 31 was filed with delay with the Company Registration Office, but, the Applicant did not produce any documentary evidence whether any penalty was imposed or not by the





SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Securities Market Division
Licensing and Capital Issue Department

concerned Company Registration office. However, the act of filing of Form 31 by the Applicant with the relevant CRO in 2012 and later on intimation of allotment by way of other than right on Form 31 instead of Form 32 is considered and fine imposed for late filing of Form 31 is reduced from Rs. 30,000 to Rs. 15,000. Furthermore, the request of Applicant for reduction in fine for continue default has also been considered and same is reduced as mentioned in the given below table. A lenient view of the matter has been taken because the Applicant during the proceedings of Review Application has submitted evidence of filing of return of beneficial ownership with CRO, which was not made part of record during the proceedings of Order passed in original jurisdiction. Therefore, total fine of Rs. 691,000 imposed through impugned Order is reduced to Rs. 381,000 as under :-

Nature of violation	Requirement of the law	Fine imposed (Rs.)
Section 222(2)(b)	Filing of Form 31, with 30 days of the acquisition of beneficial ownership	15,000/-
Section 222(2)(c)	Filing of Form 32, with 15 days of the change in beneficial ownership	30,000/-
For continue contravention, non-compliance, (for Form 32) Rs. 300 per day, which continued for 1120 days.		336,000
Total		Rs. 381,000

8. The Applicant 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.



Imran Inayat Butt
Director/HOD (LCID)

Announced on July 14, 2015