

## **Aug 20, 2001 SEC takes legal action against M/s Quality Steel Mills Limited**

The Securities and Exchange Commission of Pakistan (SECP) has decided to initiate a legal action against the Chief Executive of the Company for non-payment of dividend to one of its shareholders, Investment Corporation of Pakistan (ICP).

To this effect, the Enforcement and Monitoring Division of SECP has filed a complaint in the Session Court, Karachi against the Chief Executive of the Company.

The facts of the case are that M/S. Quality Steel Mills Limited (the "Company") declared a cash dividend of 8 % for the year ended June 30, 1998 in its Annual General Meeting held on August 26, 1999, but has failed to pay the aforesaid cash dividend to ICP within the prescribed time under of Section 251 of the Companies Ordinance, 1984 (the "Ordinance").

Under Sub-section (1) of Section 251 of the Ordinance, it is the responsibility of the Chief Executive of the Company to make payment of dividend within forty-five days of its declaration. Sub-section (2) of Section 251 provides that where a dividend has been declared by the Company but is not paid within the stipulated period, the Chief Executive of the Company shall be punishable with imprisonment of a term, which may extend to two years and with fine, which may extend to Rupees one million.