

Securities and Exchange Commission of Pakistan  
*Enforcement and Monitoring Division*  
7th Floor, NIC Building, Jinnah Avenue, blue Area, Islamabad

*Before Rashid Sadiq, Executive Director*

*In the matter of*  
M/S WALI OIL MILLS LIMITED

No. and date of show cause notice

EMD/233/550/2002  
dated May 29, 2002

Date of hearing

June 14, 2002

Present

Mr. Mohammad Amin Hashmi,  
Advocate

## Order

The facts leading to this case, briefly stated, are that M/s Wali Oil Mills Limited (the "Company") was required to prepare and transmit to the members half yearly accounts for the period ended December 31, 2001 by February 28, 2002 as required under Clause (a) of Sub-Section (1) of Section 245 of the Companies Ordinance, 1984 (the "Ordinance"). The Company was also required to file with the Registrar and the Commission three copies of such half yearly accounts simultaneously with the transmission to its members, under Clause (b) of Sub-section (1) of Section 245 of the Ordinance.

2. The Company failed to transmit the half yearly accounts for the period ended December 31, 2001 to the members and to file the same with the Commission. A notice dated May 29, 2002 was, therefore, served on the directors including the Chief Executive of the Company calling upon them to show cause in writing as to why penalty as provided in Sub-section (3) of Section 245 of the Ordinance may not be imposed for the aforesaid contravention.

3. The aforesaid show cause notice was responded by the Chief Executive of the Company vide his letter dated June 06, 2002. In order to provide an opportunity of personal hearing, the case was fixed on June 14, 2002, on which date Mr. Muhammad Amin Hashmi, Advocate appeared and argued the case.

4. In the written submission as well as at the time of hearing, it was stated that Chief Accountant of the Company left the job, which has resulted in delay in compilation of half yearly accounts. It was further averred that the accounting data got corrupted in January 2002 and the Company had to feed in all the vouchers again. I have given due consideration to the arguments advanced by the Company's Counsel. However, the same does not justify delay in circulation and filing of half yearly accounts. The resignation of Chief Accountant and corruption of accounting data are arguments of routine nature, which are usually advanced by the companies whenever they fail to comply with the provisions of Section 245 of the Ordinance. It is responsibility of the directors to ensure that proper backup of the data is maintained so that there is no delay in compilation, presentation and transmission of half yearly accounts in the event of any mishap. It is their duty not to be bystander of what is going on but to ensure compliance to the statutory requirements of the law. The arguments of the Company, therefore, for delay in circulation of half yearly accounts are not sustainable.

5. In view of the above, the default is considered deliberate and intentional, which attracts the provisions of Sub-section (3) of Section 245 of the Ordinance. As the Company has undertaken to circulate its half yearly accounts by July 15, 2002, therefore, I take a lenient view of the default and instead of imposing a maximum fine of Rs.100,000/- on every director including the Chief Executive of the Company, hereby impose a fine of Rs. 25,000(Rupees twenty five thousand) only on the Chief Executive of the Company under Sub-section (3) of Section 245 read with Section 476 of the Ordinance.

6. The Chief Executive of the Company is hereby directed to deposit the fine amounting to Rs 25,000/- within 30 days of the receipt of this Order..

7. The above said fine may be deposited in the following head of account:

Account No.75010-6  
Habib Bank Limited,  
Central Branch, 102-103 Upper Mall,  
Shahrah-e-Quaid-i-Azam,  
**LAHORE**

***RASHID SADIQ***  
*Executive Director (Enforcement & Monitoring)*

**Announced**  
**June 20, 2002**  
**ISLAMABAD**