



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

Before M. Zafar-ul-Haq Hijazi, Commissioner (E &M)

In the matter of
M/S WALI OIL MILLS LIMITED

No. and date of show cause notice	EMD/233/550/2002/5746-53 April 07, 2003
Date of hearing	June 30, 2003
Present	Mr. Zaheer Assistant Manager Accounts

ORDER

M/s. Wali Oil Mills Limited (the "Company") was required to prepare and transmit to the members and file with the Commission within one month of the close of every quarter of its year of account, a profit and loss account and the balance sheet as at the end of that quarter under SRO No. 764(1)/2001 dated 05 November 2001 issued under Sub-section (1) of Section 246 of the Companies Ordinance, 1984 (the "Ordinance").

2. The company failed to prepare and transmit to the members and file with the Commission fourth quarterly accounts for the period ended June 30, 2002 and further failed to file within prescribed period of one month, first quarterly accounts for the period ended September 30, 2002 and instead filed the said accounts with a delay of fifty (50) days. A show cause notice of even number dated April 07, 2003, therefore, was served on the Company, Chief Executive and the Directors calling upon them to show cause in writing as to why penalty as

provided under Sub-section (2) of Section 246 of the Ordinance may not be imposed upon them for the aforesaid contravention.

3. The company did not file any reply or explanation to the said show cause notice, therefore in order to give an opportunity of personal hearing the case was fixed for June 16, 2003 in Islamabad, which at the request of the company was adjourned and re-fixed on June 30, 2003. On the date of hearing Mr. Zaheer, Assistant Manager Accounts, appeared on behalf of the Company, Chief Executive and all the Directors of the company and pleaded the case.

4. During the hearing Mr. Zaheer contended that the only reason for delay in filing of quarterly accounts was that the Chief Accountant of the Company had proceeded on marriage leave. He requested the Commission to take a lenient view of default keeping in view the company's good financial performance and dividend declaration history. He also assured that such non-compliance would not occur in future and the management will always observe compliance of the rules and regulation as are applicable on the company. On an enquiry Mr. Zaheer told that Mr. Muhammad Shafique, Mr. Muhammad Bashir, Mian Bashir Ahmed and Mr. M. Farooq Asghar are the executive directors.

5. The arguments of the authorized representative have been given due consideration. Mere proceeding of the Chief Accountant of the company on leave can not be considered a tenable reason for non-preparation and circulation of the quarterly accounts. It is pertinent to mention that in past too management has been committing defaults in preparation and submission of half yearly and quarterly accounts with similar excuses like termination of chief accountant's services and corruption of accounting data due to virus strikes etc. In the past Commission has been taking a lenient view of the defaults and always minor penalties were imposed upon the chief executive of the company for the defaults and it appears that imposition of "minor penalties" has made management further careless in the matter and management has started taking provisions of law very lightly.

6. The management has shown its complete disregard to the mandatory provisions of law and default on their part in my view is willful. However I take a lenient view of the default and impose a fine of Rs. 100/- (Rupees one hundred only) per day for 50 days of default on the Chief Executive and the executive directors as under with a strict warning that if such default continue in future, strict view shall be taken by the Commission and maximum penalty i.e. Rs. 1000/- per day shall be imposed.

Particulars	Rupees
<i>Mr. Muhammad Shafique, Director</i>	5,000
<i>Mr. Muhammad Bashir, Chief Executive</i>	5,000
<i>Mian Bashir Ahmed, Director</i>	5,000
<i>Mr. M. Farooq Asghar, Director</i>	5,000
Total	20,000

The other directors of the company are condoned taking a lenient view and are issued strict warning for ensuring the compliance of all the provisions of law especially circulation and filing quarterly accounts in future. In view of abolishment of the requirement of preparation and circulation of fourth quarter accounts vide Companies (Amendment) Ordinance, 2002, a lenient view is being taken with regard to the default pertaining to quarter ended 30th June, 2002 and no penalty is being imposed for that default.

7. The Chief Executive and the executive directors are directed to deposit fine imposed upon them 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 the receipted challan to the Commission.

(M. Zafar- ul - Haq Hijazi)
Commissioner (Enforcement)

June 30, 2003
ISLAMABAD