

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

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*Aug 07, 2001*

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**Before Rashid Sadiq, Executive Director  
In the matter of**

**M/S. KHYBERTOBACCO COMPANY LIMITED**

Number and date of show cause notice 19(166)CF/ISS/99-2001

**dated**  
April 20, 2001

**Date of hearings**  
May 30, 2001

**Present:**

Mr. Shams ud din Khan, Accountant

**ORDER UNDER SUB-SECTION (1) OF SECTION 245 READ WITH SECTION 476  
OF THE COMPANIES ORDINANCE. 1984**

The facts of this case are that M/S Khyber Tobacco Company Limited (the "Company") was required to prepare and transmit to the members within two months of the close of the first half of its year of account, the profit and loss account and the balance sheet (the "half yearly accounts") as at the end of that year under clause (a) of Sub-Section (1) of Section 245 of the Companies Ordinance (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 the members.

2. The Company failed to transmit the half yearly accounts for the period ended December 31, 2000 to the members and file the same with the Commission within the prescribed time. The half yearly accounts were filed with the Commission on March 12, 2001 with a delay of 12 days. A show cause notice dated April 20, 2001 was, therefore, served on the Company, its directors including Chief Executive of the Company calling

upon them to “ show cause in writing within 14 days of the receipt of this notice 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. In response to the said show cause notice, the Chief Executive of the company vide his letter No. SC/SH-25 dated May 04, 2001 admitted the default. It was stated that due to closure of the factory’s working activities, the official work and audit of accounts were badly suffered and the company had to seek extension for two months for holding of AGM for the year ended June 30, 2000. Moreover, due to involvement in audit and arrangement of AGM, the preparation of half yearly profit & loss account and balance sheet was also suffered and delayed by one week. It was also stated that such default will never be repeated in future and all statutory requirements would be complied in future.

4. In view of the unsatisfactory explanations offered by the Chief Executive, a hearing in this case was fixed on May 23, 2001, which was adjourned at the request of the company to May 30, 2001 on which date Mr. Shams ud Din Khan, accountant appeared on behalf of the Chief Executive and directors of the Company. He reiterated the same arguments as were already covered in the reply to the show cause notice. The reasons offered for the delay in the filing of half yearly accounts were given due consideration. However, the same could not justify that the default was not willful and it was beyond the control of the directors.

5. In view of the above discussion and taking into consideration all the relevant facts, the default is considered willful which attracts the provisions of Sub-section (3) of Section 245 of the Ordinance. However, in view of the assurance given by the Chief Executive to ensure compliance with statutory requirements in future, I take a lenient view of the default and instead of imposing a fine of Rs.100,000/- on every director including the Chief Executive of the Company, I hereby impose a fine of Rs.5,000/- (Rupees five thousand) only on the Chief Executive of the Company under Sub-section (3) of Section 245 of the Ordinance read with Section 476 of the Ordinance.

6. The Chief Executive of the Company is directed to deposit the fine 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 date of this Order and furnish receipted challan to the Securities and Exchange Commission of Pakistan.

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

**Announced**  
August 07, 2001  
ISLAMABAD

