



# SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

## Adjudication Department-I

### Adjudication Division

| ORDER                         |   |
|-------------------------------|---|
| Name of Company:              | M/s. Khyber Tobacco Company Limited   |
| Show Cause Notice No. & Date: | CSD/ARN/21/2015-268 dated March 25, 2025  |
| Name(s) of Noticee(s):        | (i) Mrs. Samera Irfan, Chief Executive /Director;<br>(ii) Mr. Rahat Ullah, Chairman/Director;<br>(iii) Mr. Pir Waris Shah, Director;<br>(iv) Barrister Shahzad Javed Panni, Director;<br>(v) Mr. Zia Ur Rehman, Director;<br>(vi) Mrs. Sonai Farooq, Director; and<br>(vii) Mr. Khalil Ur Rehman, Director. |
| Date of Hearing:              | May 05, 2025  |
| Case Represented by:          | Mr. Amir Khan Afridi, Director Corporate Affairs, M J Panni & Associates<br>(as Authorized Representative)  |
| Provision of Law Involved:    | Section 237 of the Companies Act, 2017 read with Section 479 thereof and Circular No.11 of 2023 dated August 11, 2023   |
| Order dated:                  | May 12, 2025  |

This Order shall dispose of the proceedings initiated by the Securities and Exchange Commission of Pakistan (the “Commission”) through the Show Cause Notice No. CSD/ARN/21/2015-268 dated March 25, 2025 (“SCN”) against the Board of Directors (BOD) and Chief Executive Officer (CEO) of M/s. Khyber Tobacco Company Limited (the “Company”), hereinafter collectively referred to as the “Noticees”, under Section 237 of the Companies Act, 2017 (the “Act”) read with Section 479 thereof and Circular No.11 dated August 11, 2023 (the “Circular”).

2. The provisions of sub-section (1) of Section 237 of the Act requires all public listed companies to prepare its Quarterly Financial Statements (the “QFS”) within thirty days of the close of their first and third quarters of their year of accounts and within sixty days of the close of their second quarter of their year of accounts. Sub-section (2) of Section 237 of the Act requires the listed companies to post on their website the QFS for information of members and also electronically transmit the same to the Commission, securities exchange and with the registrar within the period specified under sub-section (1).

3. The brief facts of the case are that the Company, being a public listed company, was required to file/electronically transmit its QFS for the first quarter ended September 30, 2024 with the Registrar/Commission, within thirty (30) days of the close of the said quarter i.e. latest by October 30, 2024. However, as per the relevant record of the Commission, it has filed/transmitted the aforesaid QFS with the Commission/Registrar on November 26, 2024 with a delay of 27 days.

4. As per the requirements of the Circular, all listed companies are *inter alia* required to file their QFS through eService/eZfile of the Commission and such filing is considered as compliance

of Section 237(2) of the Act with respect to filing/transmission of QFS to the Commission/registrar. The relevant provisions of law are reproduced hereunder:

*“237. Quarterly financial statements of listed companies. — 1) Every listed company shall prepare quarterly financial statements within a period of :-*

*a) thirty days from the close of first and third quarters of its year of accounts;*  
*and*

*b) sixty days from the close of its second quarter of its year of accounts.*

*(2) The quarterly financial statements shall be posted on the company’s website for the information of its members and also be transmitted electronically to the Commission, securities exchange and with the registrar within the period specified under sub-section (1).*

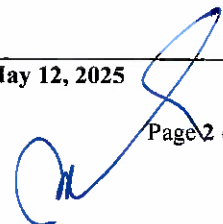
*(3).....*

*4) If a company fails to comply with any of the requirements of this section, every director, including chief executive and chief financial officer of the company who has by his act or omission been the cause of such default shall be liable to a penalty of level 2 on the standard scale.”*

5. Taking cognizance of the alleged violation of law, SCN was served upon the Noticees to show the cause in writing as to why a penal action may not be taken against them for non-compliance of the requirements of Section 237 of the Act read with the Circular. However, no response was received from the Noticee(s).

6. In order to provide an opportunity for personal representation, a hearing in the matter was fixed for May 05, 2025 which was attended by Mr. Amir Khan Afridi, Director Corporate Affairs, M J Panni & Associates, on behalf of the Noticees as their Authorized Representative (**the “Authorized Representative”**). During the course of the hearing, the Authorized Representative submitted written reply dated May 05, 2025 wherein stated that the un-signed copy of the QFS for the first quarter ended September 30, 2025 were filed with the Commission on November 1, 2025 i.e. with a delay of only one (01) day. However, the Authored Representative also admitted that the un-signed copy has no value and therefore the same cannot be considered compliance for submission of the same. The Authorized Representative further requested for a lenient view, mentioning that the Company subsequently filed the QFS with the Commission on November 26, 2024 after the identification of omission of signatures on the QFS. The Authorized Representative further assured compliance with legal requirements in future and requested leniency in the matter.

7. I have gone through the relevant provisions of Section 237 of the Act and the requirements of the Circular and considered the facts of the case, available record of the Company, as well as written and verbal submissions of the Authorized Representative. I have also perused Section 237(4) of the Act, which stipulates penal provisions for contravention of the afore-referred provisions of law. It is noted that Section 237(2) of the Act clearly mandates transmission of QFS within thirty (30) days of the close of the first quarter. The timing of QFS submission is of critical



importance. QFS are a crucial source of information for the stakeholders, especially shareholders, of a listed company. It provides timely insights into a company's financial performance and such information is essential for assessing the company's overall financial health.

8. The provisions of Section 237 of the Act unambiguously and explicitly obligate the Company to file/transmit its QFS in a timely manner. In this respect, reliance is placed on an Order dated March 01, 2023 passed by the Appellate Bench Registry of the Commission ("ABR") (*in Appeal No. 73 of 2022- Gulistan Textile Mills Limited, vs. SECP*), whereby it was held, "a public listed company has higher responsibility to disseminate true and accurate state of affairs to all the stakeholders in a timely manner so that they may take appropriate decisions". Similarly, in 2024 CLD 672 [*Appeal No. 77 of 2021 decided on August 25, 2023*], the ABR held that "... interim financial statements prepared accurately and in timely manner, provide a reliable source of information regarding a company's financial position and performance to its users, besides illustrating regarding the results of the management's stewardship of resources entrusted to it..." The significance of transmitting QFS of a listed company in a timely manner is also reverberated in 2024 CLD 635 – Appeal No. 78 of 2021 decided on August 25, 2023 and 2024 CLD 415 – Appeal No. 97 of 2020 decided on August 25, 2023.

9. The Noticees have a fiduciary responsibility to ensure compliance with statutory requirements. In 2019 CLD 355 Islamabad [*Inam Ullah Khan vs Aksa Solutions Development Services (Pvt.) Ltd*] wherein it was highlighted that, "It is settled law that Director of a company are saddle with the duty of loyalty, trust and utmost good faith. They are under a duty to act with diligence and care. Such a duty is termed as 'fiduciary'. The Directors, therefore, owe a fiduciary duty towards the shareholders and company. They cannot absolve themselves of the duty to ensure timely preparation and submission of QFS in accordance with the law. The record available with the Commission shows that the Company failed to file/electronically transmit the QFS for the period ended September 30, 2024, within the stipulated timeframe; thereby constituting the violation of Section 237 of the Act read with the Circular.

10. In light of the foregoing, the contravention with the requirements of Section 237 of the Act read with the Circular has been established as the Company has failed to timely file/transmit the QFS for the period ended September 30, 2024 with Registrar/Commission, however, filed/transmitted the same with a delay of 27 days i.e. on November 26, 2024. It has been observed that the Company has transmitted QFS to PSX through PUCARS on November 01, 2024. Furthermore, it has also been observed that the Company has a track record of late filing/transmission of QFS with the Commission, where the concerned department of the Commission had issued warnings for late filing of QFS for the quarters ended December 31, 2023 and March 31, 2024, respectively. Therefore, in view of the same, I, in the exercise of powers conferred under sub-section (4) of Section 237 of the Act read with S.R.O. 1545(I)/2019 dated December 6, 2019, hereby conclude the proceeding initiated through the SCN against the Noticees by imposing an aggregate penalty of **Rs. 35,000 (Rupees Thirty-Five Thousand only)** on the Noticees in the following manner:

| Sr. # | Names of Noticees                            | Amount in Rupees |
|-------|--|------------------|
| 1     | Mrs. Samera Irfan, Chief Executive /Director | 5,000            |
| 2     | Mr. Rahat Ullah, Chairman/Director           | 5,000            |
| 3     | Mr. Pir Waris Shah, Director                 | 5,000            |
| 4     | Barrister Shahzad Javed Panni, Director      | 5,000            |
| 5     | Mr. Zia Ur Rehman, Director                  | 5,000            |
| 6     | Mrs. Sonai Farooq, Director                  | 5,000            |
| 7     | Mr. Khalil Ur Rehman, Director               | 5,000            |
|       | <b>Total</b>                                 | <b>35,000</b>    |

11. The Noticees are also advised to ensure meticulous compliance with the applicable legal and regulatory framework in future.

12. The aforesaid penalty must be deposited in the designated bank account maintained with MCB Bank Limited or United Bank Limited in the name of the Securities Exchange and Commission of Pakistan within thirty (30) days of the date of this Order and furnish receipted bank challan, to the Commission. In case of failure to deposit the said penalty, the proceedings under section 485 of the Act will be initiated for recovery of the same as arrears of land revenue

  
**Mahboob Ahmad**

Additional Director/Head of Wing  
Adjudication Department – I

**Announced:**  
May 12, 2025  
Islamabad.