



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department- I

Adjudication Division

Before
**Mahboob Ahmad – Additional Director/
Head of Listed Companies Wing**

In the Matter of

Oilboy Energy Limited

Number and Date of SCN: CSD/ARN/100/2015-219 dated April 23, 2024
Hearing Dates: June 04, 2024, July 02, 2024 and July 26, 2024
Present: Mr. Inam Ullah, Company Secretary

ORDER

Under Section 237 of the Companies Act, 2017 and Section 479 thereof

This Order shall dispose of the proceedings initiated through Show Cause Notice dated April 23, 2024 (**the SCN**) issued under Section 237(4) of the Companies Act, 2017 (**the Act**) read with the Securities and Exchange Commission of Pakistan's (**the Commission**) Circular No.24 dated October 19, 2017 (**Circular 24**) and subsequently, Circular No.11 dated August 11, 2023 (**Circular 11**) and Section 479 thereof, to the Board of Directors including the chief executive and Chief Financial Officer (CFO) (collectively referred to as the **Respondents**) of Oilboy Energy Limited (**the Company**).

2. Brief facts of the case are as under:

(a) the Company failed to prepare and file/transmit through e-Services with the Commission/Registrar, its Quarterly Financial Statements (**QFS**) for the following periods, within the stipulated time:

S.No.	Periods Ended	Due on	Filed/Transmitted through e-Services with Registrar/Commission
1	September 30, 2022	October 30, 2022	No
2	December 31, 2022	March 01, 2023	No
3	March 31, 2023	April 30, 2023	No
4	September 30, 2023	October 30, 2023	November 29, 2023 Delay - 30 days

(b) the QFS for the Periods ended i.e. March 31, 2023 and September 30, 2023 were also not posted on the web site of the Company.

3. The Respondents, *prima facie*, contravened the provisions of Section 237 of the Act read with the Circular 24 and subsequently, Circular 11 by failing to prepare and file/transmit through e-Services with Registrar/Commission, the above-mentioned QFS, within the stipulated time, and by not posting the QFS for the Periods Ended i.e. *March 31, 2023 and September 30, 2023* on website of the Company. Consequently, the SCN was issued to the Respondents to show cause in writing as to why penal action may not be taken against them for non-compliance of Section 237 (4) of the Act.



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4. In this regard, the Company, via email dated July 18, 2024, enclosed a reply to the SCN and, inter alia, submitted that:

- i) we sincerely apologize for the delays in filing the required QFS within the stipulated time frames. We understand the importance of timely submission and adherence to regulatory requirements. However, the delay was not intentional but occurred due to the non-availability of the signatories of the Company during the required filing periods.
- ii) It is to inform you that the QFS for the aforementioned periods have already been filed/transmitted through e-Services with the Commission and posted on our website, albeit not within the stipulated time.
- iii) We have taken immediate corrective measures to ensure that such delays do not recur in the future. We are implementing stricter internal controls and improving our documentation and communication processes to guarantee compliance with SECP regulations moving forward.
- iv) We respectfully request the Commission to consider the circumstances leading to the delay and grant us a waiver for this instance. We assure the Commission of our commitment to full compliance with the Companies Act, 2017, and other regulatory requirements in the future.

5. To provide an opportunity for personal representation, hearings in the matter were scheduled for June 4, 2024, and July 2, 2024, but nobody attended the hearing. Therefore, the matter was rescheduled for July 26, 2024. On the date of the hearing, Mr. Inam Ullah, Company Secretary, appeared as the authorized representative of the Respondents. During the hearing, the authorized representative reiterated the stance given in writing in the reply dated July 18, 2024. However, admitted that the overdue QFS were filed/transmitted on July 22, 2024.

6. The relevant provisions of the Act stipulate as under:

Sub-section (1) of Section 237 of the Act read with the Commission's Circular No. 11 entails:

- 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).

Sub-section (4) of Section 237 read with Section 479 of the Act stipulates that:

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.

7. As regards the matter at hand, I have analyzed the facts of the case, relevant provisions of the Act, and the arguments put forth during the course of the hearing as well as the written correspondence made. In this regard, it is observed that:

(i) **Whether it is statutory obligation to timely file/transmit QFS?**

The provisions of Section 237 of the Act are unambiguous and explicit. The timing of the QFS is essence and the disclosure requirements of these QFS have been kept to a bare



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minimum. The timely preparation and filing/transmission of QFS not only provide to its users a reliable source of information regarding a Company's financial position and performance but also shows the results of the management's stewardship of resources entrusted on to it. In order to ensure compliance, the Respondents have fiduciary duty to ensure that the Company meticulously adheres to the law for preparation and filing/transmission of the QFS in a timely manner. In this context, the Respondents cannot absolve themselves from their statutory duties pertaining to preparation and filing/transmission of the QFS in a timely manner as stipulated under the Act.

(ii) **Whether reasons provided for delay in filing/transmission of QFS?**

The Respondents submitted that the delay was not intentional but occurred due to non-availability of the Company's signatories during the required filing periods but failed to provide any supporting document to substantiate the afore-said submission. The non-availability of the Company's signatories does not provide any excuse or exempt the Respondents from fulfilling their legal obligations as the Respondents were appointed before September 30, 2022 and the compliance was made with a considerable delay. There is no provision in the Act that allows for the QFS to be filed/transmitted with a delay. Further, the Respondents cannot absolve themselves from non-compliance of law. I am, therefore, of the view that the reasons cited are not cogent.

(iii) **Whether the Respondents admitted the default?**

The Respondents failed to file/electronically transmit the Company's QFS for the afore-said periods in a timely manner pursuant to Section 237 of the Act and in its written as well as in verbal submission during the hearing has admitted that the QFS have been filed/transmitted with a delay. I am, therefore, of the view the respondents are liable of default.

(iv) **Whether subsequent compliance absolve the Respondents?**

The Respondents did not timely file the QFS, and the details regarding the delay is as under:

S.No.	Periods Ended	QFS Due on	QFS Filed/Transmitted to Registrar/Commission	Delay in days
1	September 30, 2022	October 30, 2022	July 22, 2024	631
2	December 31, 2022	March 01, 2023	July 22, 2024	509
3	March 31, 2023	April 30, 2023	July 22, 2024	449
4	September 30, 2023	October 30, 2023	November 29, 2023	30

The subsequent compliance with respect to the transmission of QFS of the Company for the afore-said periods do not absolve the Respondents from default.

8. In view of above, I have come to the conclusion that the aforesaid provisions of the Act have been violated and it renders the Respondents liable to penal action in terms of Section 237 of the Act as a result of failing to timely file/electronically transmit the Company's QFS for the period ended September 30, 2022, December 31, 2022, March 31, 2023 and September 30, 2023 with the Registrar/Commission, and by not posting the QFS for the Periods ended March 31, 2023 and September 30, 2023 on the Company's website, within the stipulated timeframe. Therefore, in exercise of powers conferred under sub-Section (4)



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of Section 237 of the Act, I hereby impose an aggregate penalty of **Rs. 225,000/- (Rupees Two Hundred Twenty-five Thousand only)** on the Respondents as follows:

Sr. #	Name of Respondent	Amount in Rupees
1	Mr. Farhan Abbas Sheikh	25,000
2	Ms. Fatima Jamil	25,000
3	Mr. Muneeb Ahmed Khan	25,000
4	Mr. Saad Liaquat	25,000
5	Mr. Muhammad Usman Shakuat	25,000
6	Mr. Abdul Ghaffar	25,000
7	Ms. Farkhanda Abbas	25,000
8	Ms. Gull Zaiba Jawad	25,000
9	Mr. Ahsan Inam ul Haq	25,000
Total		225,000

9. The aforementioned penalties must be deposited in the designated bank account maintained with MCB Bank Limited or United Bank Limited in the name of the *Securities and Exchange Commission of Pakistan* within thirty (30) days from the receipt of this Order, and duly deposited bank challan shall be furnished to the Commission. In case of non-deposit of the penalties, proceedings for recovery under Section 485 of the Act as arrears of land revenue will be initiated. It may also be noted that the penalty has been imposed on the Respondents in their personal capacity; therefore, they are required to pay the said amount from personal resources.

10. Nothing in this Order may be deemed to prejudice the operation of any provisions of the Act providing for imposition of penalties on Respondents in respect of any default, omission or violation thereof.

Mahboob Ahmad
Additional Director/ Head of Wing
Listed Companies Wing,
Adjudication Department – I

Announced:
August 1, 2024
Islamabad