



# 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*

**Fateh Industries Limited**

Number and Date of SCN: CSD/ARN/458/2017-350  
dated July 19, 2024

Hearing Date: August 13, 2024

Present: Mr. Saeed Alam, CEO/Director;  
as the Authorized Representative

### ORDER

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

This Order shall dispose of the proceedings initiated by the Securities and Exchange Commission of Pakistan (the "Commission") through Show Cause Notice CSD/ARN/458/2017-350 dated July 19, 2024 (the SCN) issued under Section 237 of the Companies Act, 2017 (the Act) and Section 479 thereof read with Circular No.11 dated August 11, 2023 (Circular 11) against the Board of Directors and Chief Financial Officer (CFO), hereinafter collectively referred to as the Respondents, of Fateh Industries Limited (the Company).

2. Brief facts of the case are the relevant record of the Commission transpires that the Company has failed to timely file/transmit with the Registrar/Commission, its Quarterly Financial Statements (QFS) for the following period:

Period Ended	Due on	Date of Transmission of Quarterly Financial Statements with the Registrar/Commission
31-Mar-24	30-Apr-24	04-Jun-24 (delay of 35 days)

3. In view of the above, the directors, chief executive officer (CEO) and chief financial officer (CFO) of the Company have, *prima facie*, contravened the provisions of Section 237 of the Act read with Circular No. 11 by filing/transmitting the above-mentioned QFS through eServices/eZfile with the Registrar/Commission with a delay of 35 days.

4. 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 of the Act read with Circular No. 11.



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5. The Company vide letter dated July 23, 2024 submitted in response to the SCN as under:

*"Please refer to your letter No. CSD/ARN/458/2017-350 dated July 19, 2024 on the above mentioned subject. In this regard we would like to submit brief facts as under:*

*1. On April 29, 2024, we submitted our Quarterly Accounts via the eZfile system for the period ending March 31, 2024 (a screenshot of eZfile is attached). On April 30, 2024, we deposited the system-generated payment challan at the MCB Latifabad No. 7 Branch in Hyderabad (a copy of the paid challan is attached).*

*2. A reminder notification stating that "No payment has been received against your application, please pay within 2 days of this notification" was sent to us via the portal (Copy attached). We emailed the concerned Registrar Office right away (the email script is attached) informing them that the fee had already been deposited and paid challan was attached. The Registrar Office notified us after multiple correspondences that the Bank had deposited the challan amount in cash rather than 1link system. Following that, we got in touch with the branch in question and asked them to please edit or fix the transaction. In response of our request, Branch got in touch with Head Office, but regrettably, Bank declined to fix the issue and cancelled the challan from their record.*

*3. On the other side, eZfile system erased our filing record during this time while we were awaiting approval on the eZfile portal, after that we have not any other option except to resubmit the quarterly account.*

*You would be realized from the aforementioned facts and supporting documents that we did not intentionally violate Section 237 of the Act when we transmitted the Quarterly Accounts; rather, the error was caused by the Bank. Therefore, in accordance with sections 237 and 479 of the Companies Act of 2017, we humbly request you to kindly withdraw the show cause notice."*

6. To provide an opportunity for personal representation, a hearing in the matter was scheduled for August 13, 2024, during which Mr. Saeed Alam, CEO/Director of the Company, appeared as the authorized representative on behalf of the Respondents. During the hearing, the Representative reiterated the written response previously submitted and explained the delay in accounts filing. He stated that the delay was due to an unintentional issue with the fee deposit process. Specifically, the payment was made at MCB branch and processed manually by a bank employee instead of 1Link system. As a result, the payment was not processed, and the Company's account was not filed. The Company subsequently received a notification from eZfile and made payment on July 5, 2024, including additional fees. He requested that the delay be condoned, asserting that it was a bona fide mistake particularly due to mistake on part of MCB Bank staff.



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

*"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).*

*(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."*

8. Subsequent to the hearing, the Company vide letter dated August 13, 2024 submitted an additional response as under:

*"Please refer to our zoom meeting held today on the above subject. In addition to our reply dated July 23, 2024, we wish to submit further points in the matter raised in the meeting:*

- 1. We have timely complied with filing of Quarterly Accounts on 29-4-2024.*
- 2. We have paid challan on 30-04-2024 in MCB Latifabad Branch, Hyderabad.*
- 3. Bank's cashier by mistake has deposited manual challan instead of 1 link.*
- 4. On 27th May, 2024, SECP eZfile system notified us that "no payment has been made against the filing of Quarterly Accounts".*
- 5. We immediately approached to concerned Registrar and provide documentary evidence of payment.*
- 6. Later on Registrar Office informed us that the challan was deposited manual instead of 1 link*
- 7. We contacted bank to revise the transaction but bank refused and cancelled the challan*
- 8. After that we had no option except to once again file the quarterly accounts*
- 9. Fresh challan of filing was deposited on 05-06-2024 in another branch of MCB, Risala Road, Hyderabad which has been confirmed from SECP eZfile system.*





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*In view of the above facts and our explanation at zoom meeting, we humbly request you to kindly withdraw the show cause notice issued under sections 237 and 479 of the Companies Act of 2017."*

9. As regards the matter at hand, I have analyzed the facts of the case on the basis of the relevant provisions of the Act, and the available record. In this regard, it is observed that:

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

Yes, 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 minimum. The timely preparation and filing/transmission of QFS with Registrar/Commission 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 QFS is source of information for the shareholders?**

Yes, Quarterly Financial Statements (QFS) are a crucial source of information for shareholders/members. They provide timely insights into a company's financial performance and position, allowing shareholders to make informed decisions about their investments. This information helps members to assess the company's overall financial health on a regular basis, ensuring transparency and accountability from the company's management.

In this context, perusal of the Company's records shows that the Respondents filed/electronically transmitted the Company's QFS for the period ending March 31, 2024, with a delay of 35 days, pursuant to Section 237 of the Act read with Circular 11.

(iii) **Whether justified reasons provided for the delay in filing/transmitting the QFS ?**

As per Respondents the delay occurred due to issues at the bank's end, the fee was submitted at MCB branch, and bank employee manually processed eZfile generated challan instead of processing it through the 1Link system. As a result, the payment was not processed, and the Company's QFS was not processed/filed through eZfile. Upon receiving a notification from eZfile, the Company promptly taken up the matter with the bank and deposited the fee on July 5, 2024, including additional fee.

The reasons provided for the delay in filing/transmitting the QFS for the period ending March 31, 2024, are justified, as the evidence submitted by the Respondents demonstrates that the Company had successfully initiated process for submitting QFS



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through eZfile on April 29, 2024. The delay occurred due to an issue at the bank's end on deposit of fee, which was beyond the Respondents' control. Therefore, the delay was not due to any fault on the Respondents' part but rather due to external issues encountered during the filing fee deposit process.

10. In view of the above, I have concluded that the failure to timely file/transmit the Company's QFS for the period ended March 31, 2024, was due to issues at the bank's end and not on the part of Respondents. The evidence provided shows that the Company had timely initiated the process for filing QFS through eZfile on April 29, 2024, and, after encountering issues with the bank, the Company re-submitted the eZfile-generated challan to the bank on July 05, 2024, resulting in a 35-day delay in the filing. Given these circumstances, in exercise of the powers conferred under sub-Section (4) of Section 237 of the Act, I hereby warn the Respondents and advise them to ensure meticulous compliance with the applicable legal and regulatory framework in future.

11. 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.

A handwritten signature in blue ink, appearing to read 'Manboob Ahmad', is written over a horizontal line.

**Manboob Ahmad**  
Additional Director/ Head of Wing  
Listed Companies Wing,  
Adjudication Department - I

**Announced:**  
August 21, 2024  
Islamabad

