



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
Adjudication Department –II
Lahore.

Through Registered A.D.

No. AO-LHR/SCN/948

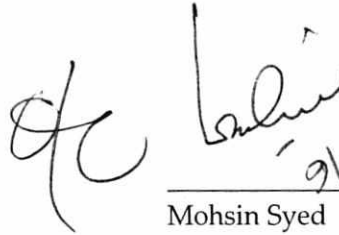
December 09, 2020

The Chief Executive,
M/S. Micro Tech Industries (Private) Limited,
Plot No. 2, Street No. 2, Attari Industrial Estate,
18-K. M. Ferozpur Road,
LAHORE.

SUBJECT: ORDER IN RESPECT OF SHOW CAUSE NOTICE# ARL/28542 DATED 08.05.202018 IN THE MATTER OF M/S. MICRO TECH INDUSTRIES (PRIVATE) LIMITED

Dear Sir/Madam,

Please find enclosed herewith copy of the final "Order", in the title matter for proceedings under Section (s)233 and 452 read with sections 479 of the Companies Act, 2017, for your record and necessary action.


9/12/2020

Mohsin Syed
Joint Registrar/Adjudication Officer,
Adjudication Department-II, Lahore.

✓ Cc for info: Incharge Company Registration Office,
Lahore.



Securities and Exchange Commission of Pakistan
Adjudication Department –II, Adjudication Division, 3rd & 4th Floor,
7- Edgerton Road, Lahore. www.secp.gov.pk



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
Adjudication Department –II

Lahore

Through Registered A.D.

BEFORE THE JOINT REGISTRAR /ADJUDICATION OFFICER,
ADJUDICATION DEPARTMENT –II, LAHORE.

In the Matter of

M/S. MICRO TECH INDUSTRIES (PRIVATE) LIMITED

Number and date of SCN: ARL/28542 dated May 28, 2018
Dates of Hearing/s: June 11, 2018, October 29, 2020 and November 18, 2020
Present: Mr. Zaheer-Ud-Din Babar, from M/s Zaheer Babar & Company
-Authorized representative of all the respondents.

ORDER

UNDER SECTION(S) 233 AND 452 READ WITH SECTION 479 OF
THE COMPANIES ACT, 2017

This Order shall dispose of the proceedings against M/S. Micro Tech Industries (Private) Limited (*“the Company”*) and its directors including the chief executive (*“the Respondents”*), initiated through Show Cause Notice (*“the SCN”*) dated May 28, 2018 issued under the provisions of Section (s) 233 and 452 read with Section 479 of the Companies Act, 2017 (*“the Act”*).

2. Brief facts of the case are, that *“the company”* has failed to file its audited financial statement(s) for the year(s) ended 2017 and further, failed to file statement of beneficial ownership within the stipulated time with the Registrar, pursuant to Section(s) 233 and 452 of *“the Act”*. Without any prejudice, the company has contravened the aforesaid provisions of *“the Act”* and rendered the company liable to a penalty of level-1 on the standard scale, as provided under Section(s) 233 and 452 read with Section 479 of *“the Act”*.

3. Consequently, the aforesaid SCN dated May 28, 2018 was issued to *“the respondents”* to show cause in writing as to why penal action as enunciated under Section(s) 233 (4) and 452(5) read with Section 479 may not be taken against *“the company”* for failing to conform to the provisions of Section(s) 233 and 452 of *“the Act”*, *ibid.*



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9/11/2020



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4. In the matter of aforesaid SCN, initial opportunity of hearing was provided to the company and its Directors/Chief Executive by fixing hearing on June 11, 2018 through serving the Show Cause notice on May 28, 2018 at the registered office of the company. However, both the Company and its Chief Executive & Director(s) had failed to appear personally or through an authorized representative on the scheduled date and time. Thereafter, another opportunity of hearing was provided to the company and its management by fixing hearing for October 29, 2020 through hearing notice issued on October 19, 2020 sent at the registered office of the Company, however, on the said date of hearing Mr. Zaheer Ud Din Babar of M/s. Zaheer Babar & Company-Chartered Accountants, had appeared before the undersigned, having authority from the respondents, as their authorized representative in the instant case. Mr. Babar argued the case with a stance that Mr. Nauman Saeed, Director of the company had an investment in a foreign company named "Innovative Horizons DMCC" since 14.11.2015 and as the said amendments were new to the company, it had failed to intimate the Registrar, within the stipulated time pursuant to Section 452 of "the Act". Mr. Babar further informed that the company has complied and filed the said returns with the Registrar on 15.10.2018 and requested to condone the said default, however, it was noticed that he had failed to substantiate the default pertaining to filing of financial statements for the year 2017 in his said reply dated October 29, 2020 or during the course of said hearing. Mr. Babar also argued by taking plea that the Director(s)/Chief executive of the company were not aware of various returns and their timelines for filing under "the Act" and owing to this reason, the said return(s)/financial statements were overlooked and could not be filed with the Registrar, within the stipulated time.

5. Later during the course of hearing, undersigned has raised concern over the said response of the company and had asked Mr. Zaheer Babar to state and submit any cogent reason(s) for the said prolonged default where the company has failed to file the said return(s) even after lapse of considerable time provided under the relevant provisions of "the Act" and further provided him all the necessary information over the timelines for filing of mandatory returns to be filed by the company, under various provision(s) of "the Act". The undersigned also explained the respondent that director(s) /chief executive of the company are obligated to devise a system where all the reporting/filing requirements defined under "the Act", are timely met. However, its appropriate to mention here that despite being provided with the aforesaid opportunities, Mr. Zaheer Babar could not explain or describe any persuasive reasons for the said default and only reiterated that the aforesaid financial statements of "the Company" were overlooked and could not be filed with registrar, within the stipulated time. Considering the replies and arguments set forth during the course of hearing, the undersigned had explained that mere this plea of the company cannot be considered cogent and does not absolve the company /it's management from their mandatory filing and reporting duties, defined under "the Act". Later, during arguments with the





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undersigned; he could not describe any of such rational reason(s) for the said default and finally conceded the default of the company and further showed the company's resolve for filing of financial statements for the said period, besides a firm commitment on behalf of all "the Respondents" for future adherence to the law, in letter and spirit. At the conclusion of the hearing and seeing gravity of the issue, Mr. Zaheer Babar further requested for 5 days' adjournment for sharing the present status of financial statements /other returns and further providing the updated record/filing status of the said returns/financials, after seeking the same information from the company. Considering the aforesaid facts and reasons, the same request for adjournment for 5 days was duly granted to the authorized representative. However, later to the said hearing, neither the company nor its authorized representative had appeared even after lapse of the time provided to respond and provide the relevant record and on seeing that non-response of the authorized representative, a final hearing notice # ARL/28542/final notice/695 dated November 10, 2020 was served upon the company to provide them with final opportunity of hearing for November 18, 2020 to produce the aforesaid record before the undersigned in order to proceed further, on this case. Instead of appearing on the said date of hearing, the authorized representative of the company had replied vide letter # nil dated November 18, 2020 that the company had already filed the said audited financial statements for the year 2017 with the Registrar on 30.01.2019 and further requested to condone the said inordinate delay.

6. Before proceeding further, it is necessary to advert to the relevant provisions of the law and Section 233 and 452 of the Companies Act, 2017 which unambiguously stipulates that:

Sub-section (1) of Section 233 "Without prejudice to the provisions of sub-section (5) of section 223, after the audited financial statements have been laid before the company at the annual general meeting and duly adopted, a copy of such financial statements together with reports and documents required to be annexed to the same, duly signed in the manner provided by sections 226, 232 and 251, shall be filed by the company with the registrar within thirty days from the date of such meeting in case of a listed company and within fifteen days in case of any other company."..

Sub-section (4) of Section 233 provides: that Any contravention or default in complying with requirements of this section shall be an offence liable—

- a) in case of a listed company, to a penalty of level 2 on the standard scale; and*
- (b) in case of any other company, to a penalty of level 1 on the standard scale and whereas*

Section 452. Companies' Global Register of Beneficial Ownership.-(1) Every substantial shareholder or officer of a company incorporated under the Company law, who is citizen of Pakistan within the meaning of the Citizenship Act, 1951 (II of 1951), including dual citizenship holder whether residing in Pakistan or not having shareholding in a foreign company or body corporate shall report to the company his shareholding or any other interest as may be notified by the Commission, on a specified form within thirty days of holding such position or interest.





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(5) Any contravention or default in complying with requirements of this section shall be an offence liable to a fine of level 1 on the standard scale and the registrar shall make an order specifying time to provide information under sub-section (1) and (3).

7. It is clear from the abovementioned scripts of the law that the company is in default of Section 233(1) and 452 of "the Act" as it has failed to conform to the provisions of Section(s) 233 and 452 and to file the aforesaid financial statements for the year(s) 2017 and further failed to file its return(s) under section 452 of "the Act" within the stipulated time and rendered the company liable to a penalty of level-1 on the standard scale, as provided under Sections 233 (4) and 452(5) of "the Act". The nature, seriousness and impact of the breach shows that the act of the company was deliberate and moreover the persistent default, duration, the extent and frequency of the violation has raised serious concerns over the systemic weaknesses of the management systems and internal controls of the company necessitating the need to take serious cognizance and stern action by the Commission.

8. In terms of the Commission's Notification S.R.O. 1546 (I)/2019 dated December 06, 2019, the powers to adjudicate cases under Section(s) 233 and 452 of "the Act" have been delegated to the undersigned as Adjudication Officer, Adjudication Department- II, Lahore.

9. As regards the matter at hand, I have analyzed the facts of the case, relevant provisions of the Act, arguments set forth in the hearing and the reply /record presented before the undersigned during the course of proceedings of the instant case. The afore-mentioned provisions of the law are unambiguous and explicit and the fact that timing is essence of accounts and, the disclosure requirements of these accounts have been kept to a bare minimum. Financial statements and other returns prepared accurately and in a timely manner provide to its users a reliable source of information regarding a company's financial position and performance, besides illustrating the results of the management's stewardship of resources entrusted on to it. In order to ensure transparency, all companies must meticulously adhere to the law for preparation and circulation of financial statements. Directors are obligated to ensure that such mechanisms are in place, and appropriate actions be taken, whereby financial and operational reporting of the company is timely achieved, whilst ensuring due compliance of the law.

10. Before proceeding with the decision, I would also like to highlight that I have gone through the facts of the case, record presented before the undersigned and arguments submitted during the hearing proceedings, I am of the view that the company has failed to comply with the requirements of Section 233 and 452 of "the Act" therefore, I, while exercising the powers delegated vide S.R.O. 1546 (I)/2019 dated December 06, 2019, hereby impose a lumpsum penalty of Rs. 10,000/- upon the company, to conclude "the SCN" proceedings.



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11. The Chief Executive of the Company is advised to deposit the aforementioned penalty in the designated bank account maintained with MCB Bank Limited or UBL Bank Limited in the name of the *Securities and Exchange Commission of Pakistan*, within thirty days from the receipt of this Order, and original receipted bank vouchers must be furnished to the Commission. In case of non-deposit of the fines, proceedings for recovery of the same shall be initiated against the company and the respondent(s) to this show cause notice.

Mohsin Syed

9/12/2020
Joint Registrar/Adjudication Officer,
Adjudication Department-II, Lahore.

Announced:

December 9, 2020,
Lahore.

The Chief Executive,
M/S. Micro Tech Industries (Private) Limited,
Plot No. 2, Street No. 2, Attari Industrial Estate,
18-K. M. Ferozpur Road,
LAHORE.

