



# SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department-I  
Adjudication Division

Before Ali Azeem Ikram – Executive Director/Head of Department

In the matter of

**Fateh Industries Limited**

Number and date of notice: EMD/233/557/2002-1441, dated August 15, 2003

Date of hearings: September 04, 2003, September 25, 2003, December 23, 2019, January 09, 2020

Present: Mr. Saeed Alam, Chief Executive Officer

## ORDER

**Under Clause (m) of Section 301 read with Clause (b) of Section 304 of the Companies Act 2017**  
**(Under Clause (b) of Section 309 read with Clause (c) of Section 305 of the Repealed Companies Ordinance, 1984)**

This Order shall dispose of proceedings initiated in the matter of Show Cause Notice ("SCN") dated August 15, 2003, under Section 309 read with Section 305 of the repealed Companies Ordinance, 1984 ("Ordinance") (under Clause (m) of Section 301 read with Clause (b) of Section 304 of the Companies Act 2017, issued to Fateh Industries Limited ("the Company").

2. The facts leading to this case, briefly stated, are that the Company Registration Office Karachi, approached the Commission for grant of sanction in terms of clause (b) of Section 309 read with clause (c) of Section 305 of the Ordinance to present a petition before the Honorable High Court for winding up of the Company on the grounds that the Company has suspended its operations since 1999.

3. In this regard, SCN dated August 15, 2003 was served on the Company under clause (b) of Section 309 read with Section 305 of the Ordinance indicating the aforesaid grounds to present a petition for winding up of the Company.

4. The Company vide their letter dated August 30, 2003 provided written submissions in response to the show cause notice. It was stated that the Company, incorporated in 1986 and listed in 1992, exhibited tremendous performance with major export to Russia (formerly USSR). However, after dissolution of USSR, huge payments owing to exports were stuck pushing the Company into acute financial crisis and therefore the operations were suspended in year 1999. The Company further submitted that efforts were made to repatriate stocks and payments from Russia. SBP has also considered all approaches and granted extension of time of non-repatriated export proceeds. The Company has however fulfilled all statutory and filing requirements under the Ordinance. Moreover, directors and major shareholders have provided loan of Rs. 227.00 million to the Company however desired result could not be achieved due to international markets being unfavorable.



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5. The Company was provided opportunity of personal hearings on September 04, 2003 rescheduled to September 25, 2003. Another opportunity of hearing was provided on December 23, 2019 which was adjourned on request and thereafter refixed on January 09, 2020. M. Saeed Alam, Chief Executive Officer of the Company appeared as authorized representative on the aforesaid date of hearing. It was stated by Mr. Saeed Alam that the Company is operational and the basic premise of the subject proceedings i.e. suspension of operations has been addressed. Moreover, written response dated January 09, 2020 was also provided wherein it is stated that the production activities resumed from year 2012. The core business of the Company is manufacturing of footwear and the Company, from year 2012, has started trading of wool waste. The financial statements of the Company for the year ended June 30, 2012 and year ended June 30, 2019 have also been provided. Based on the resumption of operations of the Company, the Authorized Representative requested to withdraw the subject show cause notice.

6. It is necessary to advert to the following relevant provisions of the Ordinance:

**Section 305 of the Ordinance states:**

*"305. Circumstances in which company may be wound up by Court.- A company may be wound up by the Court:*

*(c) if the company does not commence its business within a year from its incorporation, or suspends its business for a whole year;"*

**Section 309 of the Ordinance states:**

*"309. Provisions as to applications for winding up. - An application to the Court for the winding up of a company shall be by petition presented, subject to the provisions of this section, either by the company, or by any creditor or creditors (including any contingent or prospective creditor or creditors), or by any contributory or contributories, or by all or any of the aforesaid parties, together or separately, or by the registrar, or by the Commission or by a person authorised by the Commission in that behalf.*

*Provided that-*

*(a) .....*

*(b) the registrar shall not be entitled to present a petition for the winding up of a company unless the previous sanction of the Commission has been obtained to the presentation of the petition: Provided that no such sanction shall be given unless the company has first been afforded an opportunity of making a representation and of being heard;"*

7. In terms of the Commission's notification SRO 1545 (I)/2019 dated December 06, 2019, the powers to adjudicate cases under section 309 of the Ordinance have been delegated to the undersigned as Executive Director/Head of Department (Adjudication Department -I).



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8. I would like to mention here that the commercial operations of the Company ceased since 1999. However, the Company resumed its operations in year 2012 and this fact is reflected in the financial statements for year ended June 30, 2012 that disclosed resumption of operations from the year 2012 with sales amounting to Rs. 8.490 million and profit before tax amounting to Rs.5.46 million. Moreover, the financial statements for the year ended June 30, 2019 reflect sales of Rs. 30.811 million generated from manufacturing of footwear and export sales of wool waste. In view of the submissions above, I have observed that the basic premise of the show cause notice i.e. suspension of operations of the Company has been addressed by the Company. I therefore find no reason to continue the proceedings initiated against the Company, and drop the same with no further action.

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**Ali Azeem Ikram**  
Executive Director  
Adjudication Department -I

**Announced:** January 31, 2020  
Islamabad