



# 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*

Pak Elektron Limited

Number and Date of SCN: CSD/ARN/60/2024-424  
dated August 15, 2024

Hearing Date: October 07, 2024

Present: Mr. Omer Farooq, Company Secretary and  
Khawaja Safee Sultan, Manager Corporate Affairs;  
as the Authorized Representatives

## ORDER

### Under Section 237 read with Section 479 of the Companies Act, 2017

This Order shall dispose of the proceedings initiated by the Securities and Exchange Commission of Pakistan (the "Commission"), through Show Cause Notice CSD/ARN/60/2024-424 dated August 15, 2024 (the SCN) issued under section 237 of the Companies Act, 2017 (the Act) read with section 479 thereof and Circular No.11 dated August 11, 2023 (Circular), against the Board of Directors and Chief Financial Officer (CFO), hereinafter collectively referred to as the **Respondents**, of Pak Elektron Limited (the **Company**).

2. The brief facts of the case are that from the perusal of relevant record, it 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 Filing/Transmission of QFS with the Registrar/Commission |
|--------------|-----------|--|
| 31-Mar-24    | 30-Apr-24 | 01-Jul-24<br>(delay of 62 days)                                  |

3. In view of the above, it appears that the directors, Chief Executive Officer (CEO) and CFO of the Company have, *prima facie*, contravened the provisions of section 237 of the Act read with Circular by late filing/transmitting the above-mentioned QFS through eServices/eZfile with the Registrar/Commission.



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4. Consequently, a 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 with the provisions of section 237 of the Act read with Circular.

5. In response, the Company Secretary vide letter dated August 19, 2024 filed written response to the SCN, *inter alia*, stating the following:

- The Company has submitted the QFS for the 1st Quarter ended March 31, 2024 on time, however, due to error in the system, fee challan with two-time additional fee was generated.
- The Company lodged compliant at SECP-XS [leap.desk@secp.gov.pk](mailto:leap.desk@secp.gov.pk), in response to which the SECP-XS responded through email on the said issue.
- After receiving the email indicating the 'issue resolved,' the Respondents resubmitted the QFS. Therefore, no provisions of section 237 of the Act have been violated.

6. To provide an opportunity for personal representation, hearing in the matter was fixed for October 07, 2024, where Mr. Omer Farooq, Company Secretary and Khawaja Safee Sultan, Manager Corporate Affairs, appeared as the Authorized Representatives on behalf of the Respondents (**the Representatives**) and reiterated the written response submitted vide letter dated August 19, 2024 and made the following further submissions:

- The QFS were uploaded on April 30, 2024, but the eZfile system generated challan with two-time additional fee;
- A complaint on the same issue was lodged on May 03, 2024;
- The issue was resolved by the Commission on June 20, 2024, thereafter, re-submitted the QFS on July 01, 2024;
- The QFS were submitted to the Pakistan Stock Exchange (PSX) on April 30, 2024 with intimation that the QFS are available on Company's website; and
- The alleged default of late filing of QFS was neither willful nor intentional, hence, requested to take a lenient view in the matter.

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.*



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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. As regards the matter at hand, I have analyzed the facts of the case based on the relevant provisions of the Act, available record of Company, as well as the written and verbal submissions of the Representatives. At this juncture, it is imperative to address the following legal and factual issues;

**(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 QFS have been kept to a bare minimum. The timely preparation and filing/transmission of QFS with Registrar and the Commission provide to its users a reliable source of information regarding a Company's financial position and performance. 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 the instant case, the Respondents uploaded the QFS on April 30, 2024 i.e. on the due date, as required under the Act. However, the delay in the filing/transmission of the QFS occurred due to reason that the eZfile system generated a challan with two-time additional fee. Nonetheless, compliance with respect to preparation and submission of QFS demonstrates Respondent's efforts to adhere to requirement of Act.

**(ii) Whether QFS is source of information for the stakeholders/members?**

QFS are crucial source of information for stakeholders/members. It provides timely insights into a company's financial performance and position, enabling members to make informed decisions regarding their investments. Such information is essential for assessing the company's overall financial health on a regular basis, thereby ensuring transparency of the company.

In the instant case, the Company had transmitted the QFS through Pakistan Unified Corporate Action Reporting System (PUCAR) platform of PSX and made it available on Company's website in a timely manner i.e. on April 30, 2024.

9. In view of the above, I have concluded that the delay in filing the Company's QFS for the period ending March 31, 2024, was due to the system error which cannot be considered as default on part of the Respondents. The evidence provided by Representative demonstrates that the Company timely initiated the filing process via eZfile on April 30, 2024. On resolution of issue, the Company filed the QFS on July 1, 2024, resulting in 62-days delay. Further, the



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Company has history of compliance and on April 30, 2024 had transmitted the QFS to PSX and placed it on Company's website. Therefore, considering the given circumstances, I, in the exercise of powers conferred under sub-section (4) of section 237 of the Act, hereby conclude the proceedings initiated through the SCN against the Respondents, without imposing any penalty.

**Mahboob Ahmad**  
Additional Director/Head of Wing  
Listed Companies Wing,  
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**Announced:**  
November 04, 2024  
Islamabad