

Fateh Industries Ltd.

FIL/CLD/ 627 /21

The Chief Executive Officer,
Pakistan Stock Exchange Limited,
Stock Exchange Building,
Stock Exchange Road,
Karachi.

Subject: De-Listing and Buy-Backing of Shares.
M/S Fateh Industries Ltd.

Dear Sir,

Reference to the several notices served by the exchange the board of Directors despite of their very difficult financial conditions, decided to adopt the Captioned subject Costly procedure.

Pursuant to Para 5.16.1 of Pakistan Stock Exchange Regulations. Kindly find our formal application. Our board resolution along with de-listing fee had already submitted with Exchange on 14th December, 2020. (Copy of acknowledgement is attached)

1. REASON FOR DE-LISTING:

1.1 The Company is suffering operating losses since last many years and it is not in position to earn profit, as per annual accounts for the year ended 30 June, 2020. The accumulated loss is still standing at Rs. 95.6M as against paid up capital of Rs. 20M, even though Company has received 182M against the settlement of claims of Pakistani exporters, in accordance, with the order of the Honorable High Court of Sindh.

The Auditor of the Company still doubt about the going concern of the Company and persistently qualifying their report.

1.2 The financial position of the Company still has deteriorating trend, the operating loss has increased 60% as compared to last year loss and the current ratio is still in negative.

1.3 Compliance Cost:

Being a listed Company it is known fact that the Company has to bear the minimum cost to adhere with the Corporate Governance Compliance requirement to maintain even a merge paid up capital of Rs. 20M only, whereas Pakistan Stock Exchange Regulation demand 50M as the Capital requirement for listed Company. The cost is increasing day by day and it is severally effecting the operating cost of the Company.

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March 29, 2021



1.4 **Share Trading In Market:**

The spirit and philosophy of listed security is in its trading on Stock Exchange. Our Company share is on defaulter counter due to different reason which means it is against the Spirit. The public interest was not there even when company was first applied for de-listing in the year 2013.

1.5 The shareholding of the Company is same since its previous de-listing proceeding, since then the trading is suspended. Pattern of shareholdings is enclosed herewith which shows 107 total Shareholders against minimum requirement of 500 Shareholders as per listing Regulations.

1.6 One the basic condition to remain in active counter that the Company should pay regular dividend, which is not the situation of the Company according to present financials of the Company, the same is not expected in future also.

1.7 Considering the present economic condition of Country's economy in general and financial position of the Company in particular. Company would not be in position to turn around.

Considering all above mentioned facts, the Board of Directors decided in favor of de-listing through which public portion of shareholders will still manage to get reasonable consideration against their investments.

Moreover the Company has received its share of settlement against the order of Honorable High Court of Sindh and nothing is expected more/further.

2. SHARE VALUATION:

As required by Pakistan Stock Exchange Regulation 5.14, we being the sponsors/majority shareholders offering the purchase price based on different options mentioned in Pakistan Stock Exchange Regulations.

2.1 **Current Market Price:**

This option/regulation is not applicable as no trading in the share took place since 2015. The Company has been suspended by the exchange with effect from 12-01-2016.

2.2 **Average Market Price (Annualized):**

This option/regulation is not applicable as not trading in the share took place since 2015. The Company has been suspended by the exchange with effect from 12-01-2016.

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2.3 **Intrinsic Value:**

On the basis of certificate of valuation issued by M/s SIPRA & COMPANY (PVT.) LTD. and price approved by the chartered accountant firm, the sponsors propose to buy back the shares at Rs. 133.22 /= per share.

Certificate of Valuation & Chartered Accountant Certificate are attached.

2.4 **Earning Multiplier:**

Not applicable as company has been incurring losses in last two years out of three.

2.4 **Prices At Which Sponsors Purchase Shares:**

Not applicable as the trading in the shares of the Company has been suspended by the Exchange.

3. PURCHASE PRICE OFFERED BY THE SPONSORS/MAJORITY SHAREHOLDERS:

Whereas the sponsors has purpose to buy-back the shares at Rs. 133.22 per share or at price approved by the chartered accountant firm after having consider the valuator report whichever is higher.

We therefore request you to kindly expedite the approval of De-listing of the Company and buy-back of the Shares as offered in para 3 above from the general public.

Thanking you,

Yours faithfully,
For **Fateh Industries Limited**

DIRECTOR