



# SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

## Adjudication Department- I

### Adjudication Division

| ORDER                         |   |
|-------------------------------|---|
| Name of Company:              | M/s. Sitara Peroxide Limited  |
| Show Cause Notice No. & Date: | Adj-1/ARN/543/2018-554 dated November 06, 2024  |
| Name(s) of Respondent(s):     | i. Mr. Yasir Ahmed Awan, Chairman;<br>ii. Mr. Imran Ghafoor, CEO/Director;<br>iii. Mr. Haroon Ahmed Zuberi, Director<br>iv. Mr. Junaid Makda, Director;<br>v. Mr. Sharmeen Imran, Director;<br>vi. Mr. Saqib Anjum, Director;<br>vii. Mr. Saim Bin Saeed, Director;<br>viii. Mr. Shahid Irshad, Chief Financial Officer |
| Date(s) of Hearing(s):        | i. 19 December, 2024; and<br>ii. 20 February, 2025  |
| Case Represented by:          | i. Mr. Yasir Ahmed Awan; and,<br>ii. Mr. Junaid Makda<br>iii. Mr. Saqib Anjum<br><i>(Representing themselves respectively)</i>  |
| Provision of Law Involved:    | Section 237 of the Companies Act, 2017 read with Section 479 thereof and Circular No.11 of 2023 dated August 11, 2023   |
| Date of the Order:            | April 18 <sup>th</sup> , 2025   |

This Order shall dispose of the proceedings initiated by the Securities and Exchange Commission of Pakistan (the “Commission”) through the Show Cause Notice No. Adj-1/ARN/543/2018-554 dated November 06, 2024 (the “SCN”) against the Board of Directors (BoD), Chief Executive Officer (CEO) and Chief Financial Officer (CFO) of M/s. Sitara Peroxide Limited (the “Company”), hereinafter collectively referred to as the Respondents, under Section 237 of the Companies Act, 2017 (the “Act”) read with Section 479 thereof and Circular No.11 dated August 11, 2023 (the “Circular”).

2. The provisions of sub-section (1) of Section 237 of the Act requires all public listed companies to prepare therein quarterly financial statements within thirty days (30) of the close of their first and third and within sixty (60) days of the close of their second quarter of their accounts. Sub-section (2) of Section 237 of the Act requires the listed companies to post the quarterly financial statements for information of members on the website and also electronically file/ transmit the same to the Commission, securities exchange and with the registrar within the period specified under sub-section (1).

3. The brief facts of the case are that the Company being public listed company was required to electronically transmit its third quarterly financial statements for the quarter ended September 30, 2024 with the Commission and the registrar, within thirty (30) days of the close of the said quarter i.e. latest by October 30, 2024. However, as per the relevant record of the Commission, it has prima facie failed to file/transmit the aforesaid quarterly financial statements with the Commission and the registrar.

4. Furthermore, as per the requirements of the Circular, the Company was also required to file their quarterly financial statements (“QFS”) through eService/eZfile of the Commission, and such filing is considered as compliance of Section 237(2) of the Act

with respect to filing/transmission of QFS to the Commission and the registrar. The relevant provisions of law are reproduced hereunder:

*"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).*

*(3).....*

*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."*

5. Taking cognizance of the alleged violation of law, a SCN was served upon the Respondents on November 06, 2024 to show the cause in writing as to why a penal action may not be taken against them for non-compliance of the requirements of Section 237 of the Act read with the Circular. In response to the SCN, Mr. Mazhar Ali Khan, Company Secretary of the Company vide letter dated November 16, 2024, on behalf of the Respondents, *inter alia*, made the following submissions:

- i. Timely submission could not be possible because AGM for FY 2023 was not held wherein the financial statements were to be approved.
- ii. The delay is caused by complete shutdown of operations since June 2023 and shortage of human resource and funds.

6. In order to provide an opportunity for personal representation and to meet the ends of justice, a hearing in the matter was fixed for December 19, 2024. The hearing was attended by Mr. Yasir Ahmed Awan, Mr. Junaid Makda and Mr. Saqib Anjum (herein after referred to as "**the Answering Respondents**") in their respective personal capacities as Respondent No. i, iv and vi. The following submissions were made during the hearing:

- i. *Both the BoD and shareholders have been continuously deprived of critical information that should be communicated by the Company.*
- ii. *The Company Secretary, who also serves as Secretary in another company, is deliberately neglecting his responsibilities in the Company and should be held responsible for failing to undertake his due regulatory responsibilities in the instant matter.*
- iii. *Despite several calls, messages, and visits to the Karachi Office of the Company to meet the Company Secretary, he refused to comply with the directions of Mr. Yasir Ahmed Awan who is the Chairman of the BoD.*
- iv. *One of the Independent Directors, being the close relative of the CEO, is obstructing the proper functioning of the BoD by not playing his due role.*
- v. *The business is shut down with no ongoing operations, and the status of the factory is unknown.*

vi. *The CEO and CFO, both based in Faisalabad withhold all necessary information and are unwilling to share it with the members of the BoD.*

7. Subsequently, the following evidence was provided by **the Answering Respondents** to substantiate their claim of making concerted and sincere efforts to ensure the Company's compliance to Section 237 of the Act. Mr. Yasir Ahmed Awan vide his emails dated:

- i. April 18, 2024, wrote to the BoD seeking consent for convening a Board meeting to ensure compliance with Section 237 the Act;
- ii. June 20, 2024, addressed to the Company Secretary, Mr. Mazar Ali Khan, requested issuance of notice for the BoD meeting, along with the proposed agenda for discussion on non-compliance of Section 237 the Act;
- iii. July 4, 2024, submitted a complaint to the Chairman, SECP, detailing negligence on the part of the Company Secretary in issuing notice for the BoD meeting and further mentioned that the Answering Respondents are the only directors giving consent for the meeting.
- iv. October 30, 2024, lodged a complaint to the Chairman, SECP, pointing out non-compliance of Section 237 the act, due to failure to present the QFS for the quarters ended September 2023, December 2023, March 2024, and September 2024 before the BoD.

8. In order to ensure provision of due hearing opportunity to all the Respondents another hearing opportunity to Respondents No. ii, iii, v, vii and viii, (herein after referred to as "the **Non-Answering Respondents**"), was given on February 20, 2025. On the date of hearing, only the Answering Respondents again appeared before the undersigned and reiterated the stance taken by them in the first hearing. However, it is noted with concern that no representation was made by any of the Non-Answering Respondents either personally or through authorized representatives.

9. I have gone through the relevant provisions of Section 237 of the Act and the requirements of the Circular, and considered the facts of the case, available record of the Company, as well as written and verbal submissions of the Answering Respondents. I have also perused the provisions of Section 237(4) of the Act, which stipulates penal provisions for contravention of the afore-referred provisions of law. I have noted that in terms of Section 237(2) of the Act, every listed company is required to file/transmit its QFS within thirty (30) days from the date of close of its third quarter of its year of accounts. QFS are a crucial source of information for the stakeholders, especially shareholders, of a publicly listed company. It provides timely insights into a company's financial performance and such information is essential for assessing the company's overall financial health. In terms of Section 237 of the Act, every company is required to file/transmit QFS within thirty (30) days from the date of close of its third quarter of its year of accounts. QFS are crucial source of information for stakeholders/members. It provides timely insights into a company's financial performance and such information is essential for assessing the company's overall financial health.

10. In the instant matter, I observed that the Answering Respondents made repeated and documented efforts to ensure compliance with Section 237 of the Act. They consistently raised the issue of non-compliance through formal complaints and communications to the BoD, the Company Secretary, and the Commission, demonstrating their bona fide intent to rectify the default by meeting the compliance requirements. The Non-Answering Respondents failed to play their due roles.

11. It is further observed that the Non-Answering Respondents failed to participate in the proceedings and to submit any response regarding alleged non-compliance; thereby reflecting their non-cooperative behaviour in the matter and complete failure to undertake their fiduciary duties. Therefore, I am left with no other option except to pass an *ex-parte order* against the **Non-Answering Respondents** in the instant proceedings based upon merits and the record available with this office.

12. I, therefore, in the exercise of the powers conferred upon me under sub-section (4) of Section 237 of the Act read with Section 479 thereof and S.R.O. 1545(I)/2019 dated December 6, 2019, hereby, impose an aggregate penalty of Rs. **Rs.125,000/- (Rupees One Hundred and Twenty Five Thousand only)** on the **Non-Answering Respondents** mentioned hereunder in the following manner:

| S.No. | Name of Respondents                         | Amount of the Penalty Rs. |
|-------|---|---------------------------|
| 1.    | Mr. Imran Ghafoor, Respondent No. ii        | 30,000                    |
| 2.    | Mr. Haroon Ahmed Zuberi, Respondent No. iii | 30,000                    |
| 3.    | Mr. Sharmeen Imran, Respondent No. v        | 30,000                    |
| 4.    | Mr. Saim Bin Saeed, Respondent No. vii      | 30,000                    |
| 5.    | Mr. Shahid Irshad, Respondent No. viii      | 30,000                    |
|       | <b>Total Amount</b>                         | <b>Rs.150,000/-</b>       |

Moreover, considering the sincere efforts of the Respondents i, iv and vi to rectify the default and to play their due role as members of the BoD, I, am inclined to condone the instant proceedings against them accordingly.

13. Respondent No. ii, iii, v, vii, viii are, hereby, directed to deposit the aforesaid amount of penalty in the designated bank account maintained in the name of the Commission with MCB Bank Limited or United Bank Limited within thirty (30) days from the date of this Order and to furnish a receipted bank challan to the Commission forthwith. In case of failure to deposit the penalty, the proceedings under Section 485 of the Act will be initiated for recovery of the fines as arrears of land revenue pursuant to provision of Section 42B of the Securities and Exchange Commission of Pakistan Act, 1997.



**Mahboob Ahmad**  
Additional Director/Head of Wing  
Adjudication Department – I

**Announced:**  
April 18, 2025  
Islamabad