



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:	CSD/ARN/292/2016-341 dated May 27, 2024
Name(s) of Respondent(s):	i. Mr. Yasir Ahmed Awan, Chairman; ii. Mr. Imran Ghafoor, CEO/Director; iii. Mr. Haroon Ahmed Zuberi, Director iv. Mr. Junaid Makda, Director; v. Mrs. Sharmeen Imran, Director; vi. Mr. Saqib Anjum, Director; vii. Mr. Saim Bin Saeed, Director; viii. M/s. Sitara Peroxide Limited.
Date(s) of Hearing(s):	i. August 19, 2024; ii. September 23, 2024; iii. December 5, 2024; iv. December 20, 2024; and v. January 22, 2025.
Case Represented by:	i. Mr. Yasir Ahmed Awan; ii. Mr. Junaid Makda; and iii. Mr. Saqib Anjum. (Representing themselves respectively)
Provision of Law Involved:	Section 176 of the Companies Act, 2017 read with Section 479 thereof.
Date of Order:	April 23, 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. CSD/ARN/292/2016-341 dated May 27, 2024 ("SCN") against M/s. Sitara Peroxide Limited (the "Company") and the members of its Board of Directors (the "BOD"), hereinafter collectively referred to as the "Respondents", issued under Section 176 of the Companies Act, 2017 (the "Act") read with Section 479 thereof.

2. The BOD of the Company in terms of requirements of Section 176 of the Act, is required to meet at least once in each quarter of a year. In the instant matter, Mr. Yasir Ahmed Awan (Chairman of the BOD) of the Company vide email dated March 28, 2024 informed the Commission that the BOD has not held the quarterly board meeting for the quarter ended March 31, 2024, as required under Section 176 of the Act. Furthermore, another Director of the Company, namely, Mr. Saqib Anjum vide email dated April 9, 2024 also informed that no board meeting was held subsequent to the last board meeting held on November 6, 2023. It was also observed that no announcements were made by the Company on website of Pakistan Stock Exchange (the "PSX") for holding the BOD meeting during the quarter ended March 31, 2024. Accordingly, the Commission in order to probe the matter, required the Company vide letter dated April 04, 2024 to comment on the aforementioned *prima facie* non-compliance. However, the Company failed to furnish any response in respect of the same.

3. Taking cognizance of the subject matter, SCN was served upon the Respondents on May 27, 2024 to show the cause in writing as to why a penal action may not be taken against them for a *prima facie*, non-compliance with the aforesaid provisions of law. In response to SCN, Mr. Junaid Makda, Director, vide email dated June 6, 2024 acknowledged receipt of SCN, submitting his concerns over non-convening of the quarterly board meetings. The other Respondents, however, preferred not to furnish any response.

4. In order to provide an opportunity for personal representation and to meet the ends of justice, a hearing in the matter was first fixed for August 19, 2024, however, none of the

Handwritten signature and date:
23-04-2025

Respondents appeared. Subsequently another hearing was fixed for September 23, 2024 which was attended by Mr. Yasir Ahmed Awan (Chairman/Respondent No. i), Mr. Junaid Makda (Director/Respondent No. iv) and Mr. Saqib Anjum (Director/Respondent No. vi) (herein after referred 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 Board 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 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 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.*

5. 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 176 of the Act. Mr. Yasir Ahmed Awan, vide his email(s) date:

- i. April 24, 2024, wrote to Mr. Saim Bin Saeed, Director, seeking consent for convening a Board meeting to ensure compliance with Section 176 the Act.
- ii. June 20, 2024, addressed to the Company Secretary, Mr. Mazar Ali Khan, requested issuance of notice for the Board of Directors' meeting, wherein the proposed agenda included discussion on non-compliance of Section 176 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 Board of Directors' meeting and further mentioned that Mr. Saqib Anjum and Mr. Junaid Makda are the only directors giving consent for the meeting.

6. In order to ensure provision of due hearing opportunity to all the Respondents, especially to Respondents No. ii, iii, v and vii, hereinafter referred to as "**the Non-Answering Respondents**", the hearing was fixed on December 5, 2024. On the date of hearing, only the Answering Respondents again appeared before the Adjudicating Officer and reiterated the stance taken by them in the previous hearing. However, it was noted with concern that no representation was made by any of the Non-Answering Respondents either personally or through authorized representatives. Another hearing opportunity was again given to the Non-Answering Respondents on December 20, 2024, however, again there was no representation. Subsequently, a final hearing notice was issued for January 22, 2025, clearly disclosing that no further hearing opportunities shall be provided. However, it was again noted with grave concern that no representation was made by the Non-Answering Respondents either personally or through authorized representatives.

7. I have gone through the relevant provisions of Section 176 of the Act, considered the facts of the case and available record of the Company in the instant matter. I have also perused the provisions of Section 176(4) of the Act, which stipulate penal provisions for contravention of the afore-referred provisions of law. I have noted that in terms of Section 176(3) of the Act, the board of a public company is required to meet at least once in each quarter of the year. Accordingly, the Respondents were obligated to hold the BOD meeting for the quarter ended March 31, 2024; which they have evidently failed to do. At this juncture, it is important to discuss the following legal and factual elements:

Order in the matter of Sitara Peroxide Limited and its Board of Directors dated April 23, 2025

1-1-2025
23-04-2025

- (i) In terms of Section 176(3) of the Act, the BOD of the Company was required to meet at least once in each quarter of a year. The statutory requirement is absolute, with no discretion or exemption provided under the applicable legal framework.
- (ii) The quarterly meetings of the BOD serve as a vital mechanism for ensuring financial oversight, strategic governance, and regulatory compliance. These meetings are essential for monitoring the Company's performance, addressing potential risks, and protecting the interests of shareholders; thereby enabling the BOD to play its vital role in the management of the business of the Company. However, by failing to hold the quarterly meetings of BOD for the quarter ended March 31, 2024. The members of the BOD have contravened the requirements of Section 176(3) of the Act.
- (iii) The Ramaiya Guide to the Indian Companies Act, 2013 further sheds light on the significance of regularly holding meetings of the board of directors by stating that "*...the object of s. 285 of the 1956 Act (pari materia to Section 176 of the Companies Act, 2017) was to ensure that the Board meetings are held at reasonably frequent intervals, so that the directors may be in touch with the management of company's affairs as often as they should be...if no Board meetings are held and thereby through mismanagement or otherwise loss is sustained by the company, the whole Board will be liable.*"

8. In the instant matter, I am also bound to observe that the Answering Respondents, despite that fact that the Company Secretary and the Non-Answering Respondents failed to play their due roles, made repeated and documented efforts to ensure compliance with Section 176 of the Act. They consistently raised the issue of non-compliance through formal complaints and communications to both the Board, the Company Secretary, and the Commission, demonstrating their *bona fide* intent and efforts to rectify the default by meeting compliance requirements.

9. It is further observed that the Non-Answering Respondents failed to participate in the instant proceedings or to submit any response regarding alleged non-compliance; thereby reflecting their non-cooperative behavior 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.

10. In view of the above-stated facts, I conclude proceedings in the instant matter with a well-considered view that by failing to hold BOD meeting for the quarter ended March 31, 2024 within the stipulated timeline, the members of the BOD have contravened the provisions of Section 176(3) of the Act. It is, therefore, I, in exercise of the powers conferred upon me under clause (a) of sub-section (4) of Section 176 of the Act read with section 479 vide S.R.O. 1545(I)/2019 dated December 06, 2019, hereby, impose an aggregate penalty of **Rs.100,000/- (Rupees One Hundred Thousand Only)** upon the **Non-Answering Respondents** in the following manner:

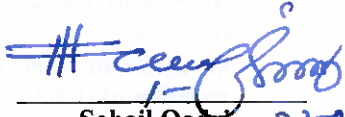
Respondent No.	Name of Respondents	Amount of the Penalty Rs.
ii.	Mr. Imran Ghafoor	25,000
iii.	Mr. Haroon Ahmed Zuberi	25,000
v.	Mrs. Sharmeen Imran	25,000
vii.	Mr. Saim Bin Saeed	25,000
	Total Amount	100,000/-

11. Moreover, considering the sincere efforts of the Respondents No. i, iv and vi to avoid / rectify the default and to play their due part as members of the BOD, I, am inclined to condone the instant proceedings against them accordingly. The Respondents along with the Company Secretary

Handwritten signature and date:
23-04-2025

of the Company are also strictly advised to take all steps necessary to ensure holding of meeting of the BOD in a timely manner and remain extremely careful in the future, and ensure meticulous compliance with the provisions of law effectively and efficiently.

12. The Respondents No. ii, iii, v and vii 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.


Sohail Qadri 23-04-2025
Director/ HOD
Adjudication Department-1

Announced:
April 23, 2025
Islamabad.