



# SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

## Adjudication Department- I

### Adjudication Division

#### Order

#### *In the Matter of*

#### **Shaffi Chemical Industries Limited**

Show Cause Notice No. & Date: CSD/ARN/330/2016-278 dated May 06, 2024

Date of Hearing Opportunities: (i) June 10, 2024;  
(ii) August 21, 2024;  
(iii) September 25, 2024;  
(iv) November 11, 2024;  
(v) November 18, 2024; and  
(vi) November 27, 2024.

Present: No one appeared.

#### **Under Section 176(3) read with Section 176(4)(a) 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 No. CSD/ARN/330/2016-278 dated May 06, 2024 (**the SCN**) against the Board of Directors (BOD) (hereinafter collectively referred to as **the Respondents**) of Shaffi Chemical Industries Limited (**the Company**) issued under Section 176(3) read with Section 176(4) and Section 479 of the Companies Act, 2017 (**the Act**).

2. The brief facts of the case are that the BOD of the Company in terms of provisions of Section 176(3) of the Act was required to meet at least once in each quarter of a year. However, the review of the announcement(s) made by the Company on Pakistan Stock Exchange (**PSX**) revealed that the quarterly meeting of the BOD was not held during the quarter ended September 30, 2023 (i.e. during the period from July 01, 2023 to September 30, 2023) in contravention of the requirements of Section 176(3) of the Act.

3. In order to probe the matter, the Commission vide letter dated April 01, 2024 sought clarification from the Company in respect of afore-stated non-compliance; to which the Company failed to submit any response.

4. Taking cognizance of the matter, the SCN was issued to the Respondents 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 176(3) of the Act. However, in response to the SCN, no submissions were made by the Respondents.

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27-12-24

5. In order to provide opportunity of personal representation and to meet the ends of justice, several hearings opportunities were granted; where the hearings in the matter were fixed for (i) June 10, 2024; (ii) August 21, 2024; (iii) September 25, 2024; (iv) November 11, 2024; and (v) November 18, 2024 through hearing notices served at the registered office address of the Company. Simultaneously, efforts were also made to contact the Respondents via telephone calls. However, none of the Respondents appeared at any of the scheduled hearings.

6. In order to conclude the matter, a final hearing notice dated November 21, 2024, for the hearing scheduled on November 27, 2024, was issued to the Respondents on their residential addresses as well as on the Company's registered office address; with a clear advice that no further requests for adjournments of hearing opportunities will be allowed and in the case of non-appearance an ex-parte order shall be passed. Despite the same, the Respondents, unfortunately, failed to join the proceedings.

7. I have considered the facts of the case, the relevant provisions of the law and the record available with this office. At this juncture, it is important to discuss the following legal and factual elements:

- (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, the Respondents, by failing to hold the quarterly meeting of BOD for the quarter ended September 30, 2023, have contravened the requirements of Section 176(3) of the Act.
- (iii) It is important to note that despite multiple hearing opportunities and attempts to contact the Respondents, they failed to participate in the proceedings or submit any response regarding non-compliance; thereby reflecting their non-cooperative behavior in the matter. Therefore, I am left with no other option except to pass an ex-parte order in the subject proceedings on the basis of available record with this office.

8. In view of the aforesaid, I am of the considered view that the contravention of Section 176(3) of the Act has been established beyond doubt which attracts a penal action in terms of Section 176(4)(a) and Section 479 of the Act. I, therefore, in exercise of the powers conferred under sub-section (4) of Section 176 and Section 479 of the Act read with S.R.O. 1545(I)/2019 dated December 06, 2019, hereby impose an aggregate penalty of **Rs.250,000 (Pak Rupees Two Hundred and Fifty**

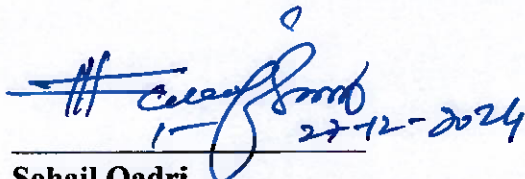
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**Thousand Only)** in the following manner on the Respondents on account of the aforesaid contravention:

S.No.	Name of Respondents	Penalty Amount
1.	Mr. Iftikhar Shafi	40,000
2.	Mr. Qaiser Saleem Khan	35,000
3.	Mr. Imran Kabir	35,000
4.	Mr. Muhammad Sameer	35,000
5.	Mrs. Seema Iftikhar	35,000
6.	Mr. Hashim Aslam Butt	35,000
7.	Mr. Mohib Hussain	35,000
	<b>Total Amount</b>	<b>250,000</b>

9. The aforesaid penalty must be deposited in the designated bank account maintained with MCB Bank Limited or United Bank Limited in the name of the Securities Exchange and Commission of Pakistan within thirty (30) days of the date of this Order and furnish receipted bank challan, to the Commission. In case of failure to deposit the said penalty, the proceedings under section 485 of the Act will be initiated for recovery of the same as arrears of land revenue.

10. Nothing in this Order may be deemed to prejudice the operation of any provisions of the Act providing for imposition of penalties on the Respondents in respect of any default, omission or violation thereof.

  
1-27-12-2024

**Sohail Qadri**  
Director/ HOD  
Adjudication Department-I

**Announced:**  
December 27, 2024  
Islamabad

