



# SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

## Adjudication Department- I

### Adjudication Division

ORDER	
Name of Company	Diamond Industries Limited
Number and Date of Show Cause Notice	CSD/ARN/562/2018-542 dated November 04, 2024
Respondents	1. Mr. Iftikhar Shafi, Chief Executive/Director 2. Mrs. Seema Iftikhar, Director 3. Mr. Muhammad Sameer, Director 4. Mr. Hashim Aslam Butt, Director 5. Mr. Mohib Hussain, Director 6. Mr. Qaiser Saleem Khan, Director 7. Mr. Imran Kabir, Director
Date(s) of Hearing opportunities	(i) December 18, 2024; and (ii) February 03, 2025
Case Represented By	<i>No one appeared</i>
Provision of Law Involved	Section 132(3) of the Companies Act, 2017 read with Circular 10 of 2019 dated July 03, 2019 and Circular 04 of 2021 dated February 15, 2021

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/562/2018-542 dated November 04, 2024 (the "SCN") against the Chief Executive Officer and Board of Directors of M/s. Diamond Industries Limited (the "Company") (hereinafter collectively referred to as the "Respondents") issued under Section 132(3) of the Companies Act, 2017 (the "Act") read with Circular No. 10 of 2019 dated July 03, 2019 (the "Circular 10") and Circular No. 04 of 2021 dated February 15, 2021 (the "Circular 4").

2. The brief facts of the case are that the Company being a listed company was required under proviso to Section 132(3) of the Act read with Circular 10 of 2019 to transmit the notice of its Annual General Meeting (AGM) dated November 17, 2023 (the "Notice") along with the newspaper clippings reflecting publication of the Notice in urdu and english languages to the Commission through fax or email. Furthermore, in terms of Circular 4 of 2021, the Company was also required to provide a regular feature for participation of all of its members in the AGM through electronic means.

3. However, examination of Annual Report 2023 of the Company for the year ended June 30, 2023 and the relevant records of the Commission revealed that the Company, *prima facie*, failed to transmit the Notice with the Commission along with the newspaper clippings within three days of publication as per requirement under Circular 10 of 2019. Moreover, as per the said Notice, the Company apparently provided the video conferencing facility to attend the AGM only to the members holding in aggregate 10% or more shareholding of the Company, instead of making it available as a regular feature for all shareholders irrespective of their shareholding in line with requirements of Circular 4 of 2021.

4. In order to probe the matter, the Commission sought clarification from the Company vide letter dated February 23, 2024, followed by several reminder letters dated March 08, 2024, March 27, 2024, April 5, 2024, April 24, 2024, including a final reminder vide email dated July 18, 2024. However, no response was submitted by the Company or its directors.

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5. The relevant provisions of law and the applicable circulars are reproduced hereunder for clarity of reference:

**Section 132(3) of the Act:**

*"The notice of an annual general meeting shall be sent to the members and every person who is entitled to receive notice of general meetings..."*

*Provided that in case of a listed company, such notice shall be sent to the Commission...and the notice shall also be published in English and Urdu languages at least in one issue each of a daily newspaper of respective language having nationwide circulation."*

**Sub-clause (ii) of the Circular 10** provides that a copy of newspaper in each language, in which notice of general meeting was published, along with statement under section 134 of the Act, where applicable, shall be filed with the Commission within three days of publication.

**Sub-clause (iii) of Circular 10** provides that notice of general meeting, along with statement under section 134 of the Act, where applicable shall be transmitted to the Commission through fax or email at the email address [general.meetings@secp.gov.pk](mailto:general.meetings@secp.gov.pk).

**The Circular 4** directs the listed companies to ensure the participation of members in general meeting through electronic means as a regular feature in addition to holding physical meetings.

**Section 132(5)(a) of the Act:** "(5) Any contravention or failure to comply with the requirements of this section shall be an offence liable –

(a) in case of a listed company, to a penalty at level 2 on the standard scale..."

**Section 510(2) of the Act:** "(2) Any person, who obstructs or contravenes or does not comply with any directive, prudential requirements, codes, circulars or notifications, given under this section shall be liable to a penalty of level 3 on the standard scale.

6. Taking cognizance of the non-compliance of the requirements of law, the SCN was served upon the Respondents on November 04, 2024 to show the cause in writing as to why a penal action may not be taken against them for non-compliance with the aforesaid provisions. However, no response was submitted by the Respondents.

7. In order to meet the ends of justice and to provide opportunity of being heard to the Respondents, hearing in the matter was fixed for December 18, 2024. However, the Respondents neither appeared in person nor through their representatives. Subsequently, hearing in the matter was re-fixed to provide a final opportunity to the Respondents for personal representation for February 03, 2025 with a clear instruction that in case of non-appearance the matter would be decided *ex-parte* based on its merits and the record available with the Commission. The Respondents again preferred not to appear on the date of scheduled hearing. It is pertinent to record that the hearing notices for both of the scheduled hearings were duly received at the registered office address of the Company i.e. Plot# 25, Gadoon Amazai, Industrial Estate, Swabi, Khyber Pakhtunkhwa.

8. I have gone through the relevant provisions of Section 132(3) of the Act and the requirements of the Circular 10 and the Circular 4 and considered the facts of the case and available record of the Company. I have also perused Section 132(5) and 510(2) of the Act, which stipulate penal provisions for contravention of the afore-referred provisions of law. I have noted that in terms of Section 132(3) of the Act read with Circular 10, the Company was mandated to transmit the Notice to the Commission along with statement under Section 134 of the Act through fax or email. Furthermore, in terms of

**Order in the matter of Diamond Industries Limited dated 24<sup>th</sup> of February, 2025**

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Circular 10, copies of publication of Notice in the newspaper in each of the English and Urdu languages were required to be filed with the Commission within three (03) days of the publication. Moreover, in terms of Circular 4, it is mandatory for listed companies to provide facility for every members' participation in general meetings through electronic means.

9. Timely submission of the Notice and newspaper clippings to the Commission allows the regulatory body to monitor corporate governance practices, thereby ensuring that companies are conducting AGMs in accordance with the requirement of legal provisions. Video-link facilities enable remote participation by shareholders, promoting accessibility and inclusivity, particularly for those who may be unable to attend in person. This ensures effective shareholder engagement, allowing them to exercise their rights, vote on key matters and stay informed about the company's performance and decisions. Failure to meet these obligations may result in undermining investor confidence and corporate credibility. In 2010 CLD 79 (case titled as Annoor Textile Mills Ltd.) decided on August 18, 2009, the importance of meticulous compliance of the company law was deliberated and it was held that "...provisions of law are clear and explicit. The objective of this provision is to improve corporate culture and bring good corporate governance...the law is unambiguous and clear." Similarly, in 2010 CLD 72 (Hamid Textile Mills Ltd.), it was held that "...it is the duty of the directors to ensure compliance with all the statutory requirements..." (similar observation in 2010 CLD 53).

10. However, it is evident that the Company not only failed to submit the Notice of the AGM held on December 09, 2023, along with the statement under Section 134 of the Act for the financial year 2022-2023, to the Commission in terms of Section 132(3) of the Act read with sub-clauses (ii) and (iii) of Circular 10 but also failed to provide the newspaper clippings of the published Notice to the Commission within the prescribed timeline of three (03) days from its publication. Moreover, perusal of the Notice annexed to the Company's Annual Report 2023 clearly shows that the Company made the facility of participating in the AGM through electronic means conditional upon receipt of consent from members holding in aggregate 10% or more shareholding; instead of making it a regular feature for all shareholders irrespective of their shareholdings, in addition to holding physical meetings.

11. At this juncture, it is important to observe that despite provision of multiple hearing opportunities, the Respondents failed to participate in the proceedings or to submit any response regarding non-compliance; thereby reflecting their on-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 merits based upon available record with this office.

12. In view of the above-stated facts and circumstances, I am of the considered view that by failing to submit the Notice along with newspaper clippings to the Commission within the prescribed timeframe and by failing to provide a regular feature to all of its members to attend the AGM through electronic means, the Respondents have contravened the requirements of Section 132(3) of the Act, sub-clause (ii) and (iii) of the Circular 10, and the provisions of Circular 4. I, therefore, in exercise of powers conferred upon me under sub-section (5) of Section 132 and sub-section (2) of Section 510 of the Act vide S.R.O. 1545(I)/2019 dated December 06, 2019, hereby impose an aggregate penalty of **Rs.70,000/- (Rupees Seventy Thousand only)** on the Respondents in the following manner:

S. No.	Name of Respondents	Penalty Amount (Rs.)
1.	Mr. Iftikhar Shaffi	10,000
2.	Mrs. Seema Iftikhar	10,000
3.	Mr. Muhammad Sameer	10,000
4.	Mr. Hashim Aslam Butt	10,000
5.	Mr. Mohib Hussain	10,000
6.	Mr. Qaiser Saleem Khan	10,000
7.	Mr. Imran Kabir	10,000
	<b>Total Amount</b>	<b>70,000</b>

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13. The Respondents are, hereby, directed to deposit the aforementioned 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 fines as arrears of land revenue pursuant to provision of Section 42B of the Securities and Exchange Commission of Pakistan Act, 1997.



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

24-02-2025

Announced:  
February 24, 2025  
Islamabad