



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department- I

Adjudication Division

ORDER	
Name of Company:	M/s. Hascol Petroleum Limited
Show Cause Notice No. & Date:	CSD/ARN/308/2016-461 dated May 14, 2025
Name(s) of Noticee(s):	1. Sir Alan Duncan, Chairman/Director; 2. Mr. Aqeel Ahmed Khan, Chief Executive/Director; 3. Mr. Farid Arshad Masood, Director; 4. Mr. Mustafa Ashraf, Director; 5. Ms. Naheed Memon, Director; and 6. Mr. Amir Amin, Director.
Date(s) of Hearing(s):	June 18, 2025
Case represented by:	1. Mr. Amad Uddin (<i>Chief Financial Officer</i>); and 2. Mr. Ummad Ahmed Tanwri (<i>Company Secretary</i>). (<i>As Authorized Representatives</i>)
Provision(s) of law involved:	Section 155 of the Companies Act, 2017 read with Sections 169 and 479 thereof
Date of Order:	June 30, 2025

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/308/2016-461 dated May 14, 2025 (the “**SCN**”) issued to members of the Board of Directors (the “**BOD**”) of M/s. Hascol Petroleum Limited (the “**Company**”), hereinafter collectively referred to as the **Noticee(s)**, under Section 155 of the Companies Act, 2017 (the “**Act**”) read with Sections 169 and 479 thereof.

2. The provisions of sub-section (3) of Section 155 of the Act provides that any casual vacancy on the board of a listed company shall be filled up by the directors at the earliest by not later than ninety days from the date of the vacancy.

3. The brief facts of the case are that review of multiple announcements made on PSX during the months of August, October, November 2024 and February 2025 by the Company revealed that the Company had announced the resignations of its director(s) namely Mr. Abdul Aziz Khalid and Syed Muhammad Mujtaba Jafarey with effect from August 1, 2024 and October 30, 2024, respectively. However, the Company had failed to fill the casual vacancies within the time period of ninety (90) days as required under the aforementioned provisions of the law

4. The Commission, vide email dated March 18, 2025, required the Company to respond on the aforementioned non-compliances of the provisions of Section 155 of the Act. The Company vide even dated email submitted its response which, *inter alia*, stated as follows:

“Appointment of Director in Place of Mr. Abdul Aziz Khalid

Mr. Abdul Aziz Khalid resigned on August 1, 2024, creating a casual vacancy on the Board. The Board initially appointed Mr. Daho Abidat to fill the vacancy on October 31, 2024, within the stipulated time. However, due to unforeseen circumstances, Mr. Daho Abidat withdrew his nomination on November 15, 2024. This necessitated a fresh appointment, and after careful evaluation of suitable candidates, the Board appointed Mr. Aernout Boot on February 18, 2025.

Reasons for Delay:

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The withdrawal of Mr. Daho Abidat was unanticipated and necessitated another rigorous selection process. Identifying a suitable and qualified candidate required additional time, including vetting and securing necessary approvals. The Board aimed to ensure that the new appointee possessed the required expertise and alignment with the Company's long-term strategic vision.

Appointment of Director in Place of Syed Muhammad Mujtaba Jafarey:

Syed Muhammad Mujtaba Jafarey resigned on October 30, 2024. As of March 18, 2025, no new director has been appointed yet in his place, due to the following reasons:

- The Board has been in the process of evaluating multiple candidates to ensure the selection of an individual who meets regulatory requirements and aligns with the Company's operational needs.*
- Due to the ongoing deliberations and discussions among stakeholders, finalizing the appointment has taken longer than expected.*

The Company fully acknowledges the importance of compliance with the Companies Act, 2017, and the Board shall soon schedule a meeting to finalize the appointment of a new director for the vacancy left by Syed Muhammad Mujtaba Jafarey, ensuring that the position is filled at the earliest."

5. The above stated violations under Section 155 (3) of the Act by the Noticee(s) attract penal provisions under Sections 169 and 479 of the Act. Relevant provision is reproduced as under:

169. Penalties - *Whoever contravenes or fails to comply with any of the provisions of section 154 to 168 or is a party to the contravention of the said provisions shall be liable to a penalty of level 2 on the standard scale and may also be debarred by the authority which imposes the penalty from becoming or continuing a director for a period not exceeding three years.*

6. Taking cognizance of the matter, SCN was issued to the Noticee(s) to show cause in writing as to why a penal action may not be taken for non-compliance of the Act. In response to SCN the Company vide letter dated May 23, 2025 *inter alia* submitted as follows:

"We refer to the Show Cause Notice dated May 14, 2025 (SCN), issued by the Securities and Exchange Commission of Pakistan (the "Commission") regarding the delay in filling the casual vacancies arising due to the resignations of Mr. Abdul Aziz Khalid (effective August 1, 2024) and Syed Muhammad Mutaba Jaffery (effective October 30, 2024) from the Board of Directors of Hascol Petroleum Limited (the "Company").

At the outset, we humbly acknowledge the lapse in meeting the timeline prescribed under Section 155(3) of the Companies Act, 2017. We respectfully submit the following explanation for the delay, along with our sincere assurance of the Company's commitment to full regulatory compliance going forward.

Explanation for Delay:

The resignation of Mr. Abdul Aziz Khalid necessitated a rigorous process for the identification of a qualified nominee director, as per law. Despite proactive efforts, the process of screening and engaging with potential candidates, most of whom required board and shareholder-level approvals, extended beyond the 90-day window. Our earlier response to the delay in appointment of nominee director has already been communicated to the Commission vide email dated 18 March 2025. However, it may be noted that casual vacancy in place of Mr. Abdul Aziz Khalid has been filled after careful evaluation of suitable candidates; and the Board appointed Mr. Aernout Boot on February 18, 2025 as nominee director of Vitof.

[Handwritten signature and date]
20-06-2025

As for the current vacant position of independent director in place of Syed Mujtaba Jafarey, the Company faced challenges in identifying individuals who met the legal requirements of independence, possessed the requisite industry knowledge, and were available to commit time and responsibility as board members. This constrained the appointment process further and required a careful search to avoid conflicts of interest and ensure compliance with the Code of Corporate Governance; and

During the same period of these resignations, the Company was also reviewing its long-term strategic direction and aligning the restructuring process. This added complexity and required additional deliberations for the right appointments.

Steps taken by Board of the Company:

The Board, through its Circular Resolution dated 22 May 2025, has appointed Mr. Rasul Bux Phulpoto as an Independent Director in place of Syed Muhammad Mutaba Jafarey, effective from 22 May 2025 which has been posted through PUCARS at PSX. The profile of Mr. Rasul Bux Phulpoto has also been uploaded on the Company's website for information of the general public. It may please be noted that there is no casual vacancy left on the Board of Hascol as of 22 May 2025.

We sincerely hope the Commission will kindly consider the explanation provided above as a reflection of the Company's good faith and commitment to sound corporate governance. The Company remains dedicated to adhering to all applicable legal and regulatory requirements in a timely and diligent manner going forward.

We respectfully request the Commission to consider the circumstances outlined above and to take a lenient view of the matter by condoning the delay caused."


7. To provide an opportunity of personal representation, hearing in the matter was fixed for June 18, 2025. Mr. Amad Uddin (*Chief Financial Officer*) and Mr. Ummad Ahmed Tanwari (*Company Secretary*) appeared on behalf of the Noticee(s) as their Authorized Representatives (**the "Authorized Representatives"**) and reiterated the written submissions with a request for leniency in the matter.

8. I have reviewed the facts of the case and also considered the written and verbal submissions made by the Noticee(s) through the Authorized Representatives. At this juncture, it is important to discuss the following legal and factual elements:

- i. Compliance with Section 155(3) of the Act is essential to ensure continuity and effectiveness in the corporate oversight role of the BOD. Prompt filling of casual vacancies is necessary to prevent decision-making deadlock and to maintain the smooth and effective functioning of the BOD, whose role is central to the governance and strategic direction of the Company.
- ii. The ninety (90) day limit stipulated under Section 155(3) reflects a deliberate legislative intent to strike a balance between allowing reasonable time for selecting a suitable director and ensuring that the BOD does not remain incomplete to the detriment of shareholders and stakeholders. Any undue and unjustified delay in filling such vacancies risks impairing the governance structure and may lead to non-compliance with other statutory requirements, including BOD's composition, composition of statutory committees, independence criteria and quorum thresholds.
- iii. Moreover, the failure to timely fill a casual vacancy also sends adverse signals to the market and may undermine investor confidence in the Company's governance practices. It is incumbent upon the BOD to proactively undertake succession planning and maintain compliance with the Act in both letter and spirit.

9. After careful perusal of the record and submissions, it is established that the Company failed to fill the casual vacancies arising from the resignations of Mr. Abdul Aziz Khalid and Mr. Syed Muhammad Mujtaba Jafarey within the prescribed period of ninety (90) days, in violation of Section 155(3) of the Act. It is further observed that the Noticee(s) have acknowledged the lapse and submitted that the delay was due to unforeseen withdrawal of an earlier nominee to fill the vacancy, rigorous selection processes and the need to align appointments with strategic objectives of the Company. However, such factors do not absolve the BOD of its statutory responsibility to comply with the time-bound requirement of the law. It is, moreover, observed that the BOD has appointed Mr. Aernout Boot and Mr. Rasul Bux Phulpoto to fill the aforementioned casual vacancies, albeit with a delay, and no vacancy remains unfilled. The Company has further demonstrated intent and given assurance to strengthen its compliance culture and corporate governance framework.

10. In view of the above and considering that the default has since been rectified, and the Company has shown willingness to comply in good faith, I am, in exercise of powers conferred upon me under Section 169 of the Act read with S.R.O. 1545(I)/2019 dated December 6, 2019, inclined to take a lenient view and conclude the instant proceedings with a **WARNING** to the Noticee(s) to remain careful and to ensure meticulous compliance with all applicable laws in the future.


30-06-2025
(Sohail Qadri)
Director/ Head of Department
Adjudication Department-I

Announced:

Dated: June 30, 2025

Islamabad.