



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department- I

Adjudication Division

ORDER	
Name of Company	Tariq Glass Industries Limited
Show Cause Notice No. & Date:	No. CSD/ARN/65/2025 -947 dated February 24, 2025
Respondents:	(i) Mr. Mansoor Irfani, Chairman; (ii) Mr. Omer Baig, Chief Executive Officer; (iii) Mr. Mohammad Baig, Director; (iv) Mr. Saad Iqbal, Director; (v) Ms. Rubina Nayyar, Director; (vi) Mr. Adnan Aftab, Director; (vii) Mr. Faiz Muhammad, Director; and (viii) Tariq Glass Industries Limited
Date(s) of Hearing(s):	March 18, 2025
Case represented by:	(i) Mr. Sultan Mazhar Sher, Legal Counsel; and (ii) Mr. Mohsin Ali, Company Secretary (As Authorized Representatives)
Provision of law involved:	Section 195 read with Sections 502 and 479 of the Companies Act, 2017
Date of Order:	March 26, 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/65/2025 -947 dated February 24, 2025 ("SCN") against Tariq Glass Industries Limited (the "Company") its Chief Executive Officer ("CEO") and the Board of Directors ("BoD"), hereinafter collectively referred to as the "Respondents", issued under Section 195 of the Companies Act, 2017 (the "Act") read with Section 479 thereof.

2. The brief facts of the case are that the Company, in terms of section 195 of the Act was obligated to appoint an independent share registrar possessing prescribed qualifications. The review of the relevant records of the Commission for the periods ended June 30, 2024 and September 30, 2024 revealed that M/s Shemas International (Private) Limited ("SIPL") was acting as the share registrar for the Company; whereas SIPL was not a licensed share registrar under the Share Registrars and Balloters Regulations, 2017 (the "Regulations") as its license was expired on July 11, 2023 and the same was not renewed till the date of issuance of SCN.

3. In order to probe the matter, the Commission vide email dated February 09, 2025 sought clarification from the Company for appointing a share registrar who is not licensed under the Regulations since July 11, 2023. The Company vide email dated February 09, 2025, *inter-alia* submitted that:

"Shemas International (Pvt.) Limited (SIPL) has been providing its services for over a decade with a satisfactory track record and we have never encountered such an issue before, as SIPL has been granted licenses in previous periods.

Upon inquiry, SIPL informed us that their license renewal process is currently underway with the SECP Authority. They have submitted the application for renewal of their license on November 01, 2024 and is presently under process with no rejections raised so far.

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If the Authority deems it appropriate and advises the appointment of share registrar having a valid license then the services of SIPL may be discontinued. In such a case, the appointment of a new share registrar will be considered in the forthcoming Board meeting."

4. The aforesaid contraventions indicate that the Respondents appointed a share registrar who was not licensed under the Regulations which, *prima-facie*, constituted contravention of Section 195 of the Act which attracts penal action as provided under Section 502 of the Act. For ease of reference, the relevant provisions are reproduced hereunder:

"195. Listed Company to have Share Registrar. — *Every listed company shall have an independent share registrar possessing such qualifications and performing such functions as may be specified.*

502. Penalty where no specific penalty is provided. — *If a company or any other person contravenes or fails to comply with any provision of this Act or any condition, limitation or restriction subject to which any approval, sanction, consent, confirmation, recognition, direction or exemption in relation to any matter has been accorded, given or granted, for which no punishment is provided elsewhere in this Act, the company and every other officer of the company who is in default or such other person shall be liable to a penalty of level 3 on the standard scale."*

5. Taking cognizance of the aforesaid contravention, SCN was served upon the Respondents, requiring them to show the cause as to why penal action as provided under Section 502 of the Act may not be taken against them for the aforementioned contravention of the law. In response to SCN, Mr. Mohsin Ali, Company Secretary vide letter dated February 27, 2025, *inter-alia*, submitted that:

- (i) The Company appointed SIPL as share registrar on December 04, 2008 and never encountered any issues regarding validity of its license during the last 16 years. The Company did not receive any notice from SIPL (as required under regulation 8(4) of the Regulations) informing its inability to serve as share registrar. Further no intimation of rejection of application for renewal of license under regulation 8(1) and (2) was received;
- (ii) Upon query by the Company after receipt of SCN, SIPL informed that its application dated November 01, 2024 for renewal of license is pending with the Commission;
- (iii) The SCN has been wrongly issued to the directors as the alleged Section prescribes liabilities of the listed company only;
- (iv) The Regulations are framed under the Securities Act, 2015 and are applicable only on the share registrars and balloters, therefore, compliance of regulation 3 and 7 is sole responsibility of SIPL. Neither the Company nor its directors had knowledge of SIPL's ineligibility to act as share registrar and the Company acted in good faith, based on the assurance provided by SIPL regarding status of their license;
- (v) There has to be contravention of any provision of the Act for the penalty to be imposed under Section 195 of the Act. The Company has complied with the requirements of Section 195 of the Act by appointing an independent share registrar. The instant proceedings do not merit any adverse action against the Respondents as no mala fide intent, willful default or negligence exists on their part, therefore, SCN may be withdrawn; and
- (vi) Without prejudice to its bona fide position, the Company undertakes to take immediate steps to appoint a licensed share registrar.

6. In order to meet the ends of justice and provide an opportunity of being heard to the Respondents, hearing in the matter was fixed for March 18, 2025 at which Mr. Sultan Mazhar Sher, Legal Counsel and Mr.

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Mohsin Ali, Company Secretary appeared on behalf of the Respondents as their Authorized Representatives. The Authorized Representatives reiterated the written response to SCN and, *inter-alia*, submitted that both the Companies Ordinance, 1984 and the Act have prescribed similar requirements relating to appointment of share registrar under an agreement. Accordingly, the Company, in compliance of the prescribed requirements, has appointed an independent share registrar; where there was no mechanism available with the Company to ascertain license status of the share registrar. The Authorized Representatives further informed that the license of SIPL has now been renewed by the Commission w.e.f. February 26, 2025 and also submitted a copy of renewed license of SIPL. In light of the same the Authorized Representatives requested lenient view while assuring future compliance.

7. Subsequently, the Company Secretary vide email dated March 19, 2025 confirmed that the Company shall implement the standard procedure to seek status of renewal of license of the share registrar and will revise the terms of agreement with the share registrar requiring it to immediately inform the Company in case it does not apply for renewal of license or its license is not renewed by the Commission. The Company Secretary further informed that the Company is also considering to engage services of an alternate share registrar namely M/s Corplink (Private) Limited which has a broader clientele, market presence and again requested lenient view in the instant matter.

8. I have gone through the provisions of Section 195 of the Act and other provisions relevant to the instant proceedings and considered the facts of the case, along with written and verbal submissions of the Respondents and their Authorized Representatives. I have also perused Section 502 of the Act, which stipulate penal provisions for contravention of the afore-referred provisions of law. I am of the considered view that the requirements of Section 195 in terms of qualification of share registrar are of continuing nature and the Respondents were required to comply with the same without fail which required them to develop a mechanism to regularly review the eligibility of their share registrar.

9. It is also observed that the role of a share registrar in a listed company is integral to maintaining accurate shareholder records. This role enhances operational efficiency, builds investor confidence and helps the company manage its shareholder base effectively. The share registrar plays a critical role in the functioning of a listed company, ensuring transparency, compliance, and smooth operation of shareholder activities as it is entrusted with the function to maintain and update records of shareholders, ensure proper distribution of dividends, rights, issuance of new shares, dividend payouts, conducting Annual General Meetings ("AGMs") and ensures that shareholders receive their rightful entitlements thereby supports the company in maintaining shareholder satisfaction and regulatory compliance.

10. As admitted by the Respondents themselves in their reply to SCN and also by the Authorized Representatives during the hearing held on March 18, 2025, the license of SIPL expired on July 11, 2023 and was renewed by the Commission w.e.f. February 26, 2025. However SIPL acted as share registrar of the Company during its ineligibility period i.e. from July 11, 2023 till February 25, 2025.


11. The understanding of the Respondents and their Authorized Representatives that the Company had complied with the provisions of Section 195 of the Act simply by appointing an independent share registrar and that the responsibility of ensuring continuing compliance with the provisions of the Regulations rests solely with the share registrar, is misplaced. The requirements prescribed under Section 195 of the Act are clear and unambiguous. They explicitly require the listed companies to appoint such share registrars who meet the necessary eligibility criteria to serve in that role.

12. The argument of the Respondents that SCN has been wrongly issued to the directors is not plausible.

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The directors are entrusted with the responsibility to ensure that the Company complies with all relevant/ applicable legal provisions. The Section 195 of the Act outlines the obligations for the listed company regarding appointment of share registrars however it does not absolve the directors of their responsibility for appointing an eligible share registrar and ensuring compliance with the law. The cruciality of the role of board of directors in ensuring accurate and timely provision of information to the concerned stakeholders cannot be overemphasized. In 2013 CLD 706, the fundamental duty of directors was rightfully echoed by stating that *"...The directors in addition to the day to day running of the company and the management of its business, also have 'fiduciary duties' i.e. duties held in trust and some wider duties imposed by statute...hence the directors are gauged against a higher standard of accountability which requires them to be vigilant and perform their duties with due care. In the instant case, the directors have failed to perform their duties with due care and prudence. As the directors are supposed to be well aware of their legal obligations...."*

13. The aforesaid contravention with the requirements of Section 195 of the Act has been established beyond doubt which attracts penal action in terms of Section 502 of the Act. I have also given due attention to the grounds presented by the Authorized Representatives in respect of the said non-compliance and the fact that the license of the appointed share registrar i.e. SIPL was subsequently renewed by the Commission w.e.f. February 26, 2025 and that none of the stakeholders have filed any complaint during the transition period. I, therefore, in exercise of the powers conferred upon me under Section 502 of the Act read with SRO 1545(I)/2019 dated December 06, 2019, hereby conclude the proceedings initiated through SCN with a strict **Warning** to the Respondents. The Respondents are also advised to ensure meticulous compliance with the applicable legal and regulatory framework in future.


26-03-2025
Sohail Qadri
Director/ HOD
Adjudication Department-I

Announced:
March 26, 2025
Islamabad.