



# SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

## Adjudication Department- I

### Adjudication Division

ORDER																									
Name of Company:	M/s. Unity Foods Limited																								
Show Cause Notice No. & Date:	SCN/LCD/Adj-I/164808-948 dated October 07, 2025																								
Noticee(s):	<table border="1"><thead><tr><th>Name(s)</th><th>Period(s)</th></tr></thead><tbody><tr><td>(i) Ms. Hina Safdar, Director</td><td>2021</td></tr><tr><td>(ii) Ms. Maria Abdul Hafeez, Director</td><td>2021</td></tr><tr><td>(iii) Ms. Tayyaba Rasheed, Director</td><td>2021</td></tr><tr><td>(iv) Mr. Abdul Majeed Ghaziani, Chairman/Director</td><td>2019 &amp; 2021</td></tr><tr><td>(v) Mr. Muhammad Farukh, CEO/Director</td><td>2019 &amp; 2021</td></tr><tr><td>(vi) Mr. Muneer S. Godil, Director</td><td>2019 &amp; 2021</td></tr><tr><td>(vii) Sheikh Ali Baakza, Director</td><td>2019 &amp; 2021</td></tr><tr><td>(viii) Mr. Safdar Sajjad, Director</td><td>2019</td></tr><tr><td>(ix) Mr. Muhammad Zain Sardar, Director</td><td>2019</td></tr><tr><td>(x) Mr. Abdul Hafeez, Director</td><td>2019</td></tr><tr><td>(xi) M/s. Unity Foods Limited through <i>Chief Executive Officer</i></td><td></td></tr></tbody></table>	Name(s)	Period(s)	(i) Ms. Hina Safdar, Director	2021	(ii) Ms. Maria Abdul Hafeez, Director	2021	(iii) Ms. Tayyaba Rasheed, Director	2021	(iv) Mr. Abdul Majeed Ghaziani, Chairman/Director	2019 & 2021	(v) Mr. Muhammad Farukh, CEO/Director	2019 & 2021	(vi) Mr. Muneer S. Godil, Director	2019 & 2021	(vii) Sheikh Ali Baakza, Director	2019 & 2021	(viii) Mr. Safdar Sajjad, Director	2019	(ix) Mr. Muhammad Zain Sardar, Director	2019	(x) Mr. Abdul Hafeez, Director	2019	(xi) M/s. Unity Foods Limited through <i>Chief Executive Officer</i>	
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Date(s) of Hearing(s):	(i) November 03, 2025; and (ii) November 12, 2025.																								
Case represented by:	Mr. Altaf Hussain Advani, Company Secretary <i>As the Authorized Representative on behalf of all the Noticee(s)</i>																								
Provision of law involved:	Regulations 33(2), 34(2) and 41 of the Listed Companies (Code of Corporate Governance) Regulations, 2017 and Regulations 32(2), 33(2) and 37 of the Listed Companies (Code of Corporate Governance) Regulations, 2019 read with Section 512(2) of the Companies Act, 2017																								
Date of Order:	November 20, 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. SCN/LCD/Adj-I/164808-948 dated October 07, 2025 (“SCN”) against M/s. Unity Foods Limited (the “Company”) and its Board of Directors (“BOD”) including Chief Executive Officer (CEO), hereinafter collectively referred to as the “Noticee(s)”, for contravention of the requirements of Regulations 33(2), 34(2) and 41 of the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the “CCG 2017”) and Regulations 32(2), 33(2) and 37 of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the “CCG 2019”) read with Section 512(2) of the Companies Act, 2017 (the “Act”).

2. The provisions of sub-regulation (2) of Regulation 33 of the CCG 2017 provide that no company shall appoint as external auditors, a firm of auditors which or a partner of which is non-compliant with the International Federation of Accountants' (IFAC) Guidelines on Code of Ethics, as adopted by the Institute of Chartered Accountants of Pakistan (ICAP).

3. Section 290.149 of ICAP Code of Ethics for Chartered Accountants, 2015 (the “COE 2015”), effective for the period starting from July 01, 2015 till June 30, 2020, provides that in respect of an audit of a public interest entity, an individual shall not be a key audit partner for more than seven (07) years unless the law prescribes a shorter period in which case the requirement of the law shall prevail for such specific entities. After such time, the individual shall not be a member of the engagement team or be a key audit partner for the client for two (02) years (i.e., the Cooling-off Period). Furthermore, Regulation 34(2) of the CCG 2017, prescribes such shorter period by requiring that all listed companies, other than those in the financial sector, shall, at a minimum, rotate the engagement partner after every five (05) years.

4. The provisions of sub-regulation (2) of Regulation 32 of the CCG 2019 provide that it is **mandatory** that no company shall appoint as external auditors, a firm of auditors which or a partner of which is non-compliant with the IFAC Guidelines on Code of Ethics, as adopted by the ICAP.

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5. Section 540.5 of the ICAP Code of Ethics for Chartered Accountants, 2019 (the “COE 2019”), effective from July 01, 2020, provides that in respect of an audit of a public interest entity, an individual shall not act in any of the following roles, or a combination thereof, for a period of more than seven (07) cumulative years unless the law prescribes a shorter period: (a) the engagement partner; (b) the individual appointed as responsible for the engagement quality control review; or (c) any other key audit partner role. After such period, the individual shall serve a “cooling-off” period in accordance with the provisions in paragraphs R540.11 to R540.19. Furthermore, Section 540.11 of the COE 2019 explains the cooling-off period by stating that if the individual acted as the engagement partner for seven (07) cumulative years, the cooling-off period shall be five (05) consecutive years. Furthermore, Regulations 33(2) of the CCG 2019, prescribing such shorter period, provides that it is **mandatory** for all listed companies, other than those in the financial sector, to rotate the engagement partner after every five (05) years.

6. Review of the Annual Audited Financial Statements of the Company from the year ended June 30, 2013 to June 30, 2021 revealed that the Company appointed M/s. Naveed Zafar Ashfaq Jaffery & Co. (the “**Audit Firm**”), who conducted the statutory audits of the Company for the periods mentioned in the table below; where Mr. Ahsan Elahi Vohra served as Engagement Partner in respect of the audit of the accounts of the Company for the years from June 30, 2013 to June 30, 2017 i.e., period of five (05) years, and resumed the role of the Engagement Partner for the audit of the accounts of the Company for the year ended June 30, 2019 i.e. after a gap of only one (01) year, without adhering to the Cooling-off Period; thereby contravening the requirements of Section 290.149 of the COE 2015 read with Regulation 34(2) of the CCG 2017. By such appointment, the Company contravened the requirements of Regulation 33(2) of the CCG 2017. The details of appointments are tabulated below for ready reference:

Year ended	Auditor	Engagement Partner
June 30, 2013	Naveed Zafar Ashfaq Jaffery & Co.	Mr. Ahsan Elahi Vohra
June 30, 2014	Naveed Zafar Ashfaq Jaffery & Co.	Mr. Ahsan Elahi Vohra
June 30, 2015	Naveed Zafar Ashfaq Jaffery & Co.	Mr. Ahsan Elahi Vohra
June 30, 2016	Naveed Zafar Ashfaq Jaffery & Co.	Mr. Ahsan Elahi Vohra
June 30, 2017	Naveed Zafar Ashfaq Jaffery & Co.	Mr. Ahsan Elahi Vohra
June 30, 2018	Naveed Zafar Ashfaq Jaffery & Co.	Mr. Tanveer Afzal Khan
<b>June 30, 2019</b>	<b>Naveed Zafar Ashfaq Jaffery &amp; Co.</b>	<b>Mr. Ahsan Elahi Vohra</b>
<b>June 30, 2020</b>	<b>Naveed Zafar Ashfaq Jaffery &amp; Co.</b>	<b>Mr. Ahsan Elahi Vohra</b>
<b>June 30, 2021</b>	<b>Naveed Zafar Ashfaq Jaffery &amp; Co.</b>	<b>Mr. Ahsan Elahi Vohra</b>

7. Furthermore, Mr. Ahsan Elahi Vohra continued to serve as the Engagement Partner of the Company for the audit of the years ended June 30, 2020 and June 30, 2021, where the COE 2019 had come into effect from July 01, 2020, which prescribed under Section 540.5 of the COE 2019 read with Regulation 33(2) of the CCG 2019 a maximum permissible period of five (05) cumulative years for an engagement partner of a public interest entity, followed by a mandatory five (05) consecutive years cooling-off period. Accordingly, his continued appointment by the Company for the financial year 2021 resulted in exceeding the allowable cumulative five (05) year limit; thereby, contravening the requirements of Section 540.5 of the COE 2019 read with Regulation 33(2) of the CCG 2019. By making such appointment, the Company contravened the requirements of Regulation 32(2) of the CCG 2019, as it appointed the Engagement Partner i.e., Mr. Ahsan Elahi Vohra, who was non-compliant with the applicable provisions of both the COE 2015 and COE 2019 during the relevant periods respectively.

8. In order to probe the matter, the Commission sought an explanation from the Company vide email dated August 15, 2025. In response, the Company vide email dated September 02, 2025, *inter alia*, stated that:

*“The lapse occurred due to an oversight in interpreting the simultaneous application of both the CCGs and the COEs. The Company fully recognizes the importance of auditor independence and the role of Cooling-off Period in maintaining the integrity of the audit process. Going forward, the Company will ensure strict compliance with all applicable regulatory requirements including both the CCGs and the COEs. Necessary measures have been taken to strengthen the governance framework to avoid any recurrence of such non-compliance.”*

9. In view of above, the Company and its BOD including the CEO, *prima facie*, contravened the requirements of Section 290.149 of the COE 2015 read with Regulation 34(2) and Regulation 33(2) of the CCG 2017; and the requirements of Section 540.5 of the COE 2019 read with Regulations 33(2) and 32(2) of the CCG

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2019, which attract penal provisions in terms of Regulation 41 of the CCG 2017 and Regulation 37 of the CCG 2019 read with Section 512(2) of the Act. The relevant provisions of the Act are reproduced for ready reference as under:

**Regulation 41 of the CCG 2017:**

*"41. Penalty for contravention of Regulations: Whoever fails or refused to comply with, or contravenes any requirements of the Regulations, knowingly or willfully authorizes or permits such failure, refusal or contravention, in addition to any other liability under the Act, be punishable with penalty and in case of continuing failure, to a further penalty as provided under sub-section (2) of section 512 of the Act."*

**Regulation 37 of the CCG 2019:**

*"37. Penalty.- Whoever fails or refused to comply with, or contravenes regulation 3, 6, 7, 8, 27, 32, 33 and 36 of these Regulations, shall be punishable with penalty as provided under sub-section (2) of section 512 of the Act."*

**Section 512(2) of the Act:**

*"(2) Any regulation made under sub-section (1) may provide that a contravention thereof shall be punishable with a penalty which may extend to five million rupees and, where the contravention is a continuing one, with a further penalty which may extend to one hundred thousand rupees for every day after the first during which such contravention continues."*

10. Taking cognizance of the alleged violation of law, a SCN was served upon the Noticee(s) to show the cause in writing as to why a penal action may not be taken against them for non-compliance of aforesaid requirements of the CCGs and Act. In response, Mr. Altaf Hussain Advani, Company Secretary, as the **"Authorized Representative"** on behalf of all the Noticee(s), vide letter dated October 22, 2025, *inter alia*, submitted as under:

*"We acknowledge the observations made by your esteemed office and reiterate that this oversight primarily stemmed from a confusion regarding the simultaneous and overlapping application of multiple regulatory frameworks and transition from the 2015 to 2019 COE. This inadvertently led to misinterpretation of the mandatory cooling off requirement post the 5-year engagement period.*

*We respectfully submit that the non-compliance occurred without any mala fide intention or willful disregard of the applicable laws. Key factors include the Company relied in good faith on the representations made by the external audit firm regarding compliance with the applicable ICAP COE at the time of engagement. The Company had no reason to suspect non-compliance, especially since audit firm confirmations were routinely obtained.*

*Upon being made aware of the non-compliance, the Company took immediate corrective measures for future audit engagements with the Company, Internal review of audit firm selection and rotation processes and implementation of a formal compliance checklist to align with CCG and ICAP requirements. Training of internal finance and compliance teams on regulatory developments and auditor independence rules and appointment of a new engagement partner in accordance with the prescribed limits of tenure and cooling-off requirements.*

*We further confirm that all future appointments will be made in strict compliance with the applicable provisions of the Act, CCGs, and ICAP COE.*

*Considering the above submission, we sincerely regret the unintentional lapse and assure the Commission of our complete commitment to corporate governance and regulatory compliance. Therefore, it is requested to consider this non-compliance as neither willful nor mala fide as evidenced by the immediate corrective actions taken, and to take lenient view without any penal action under Section 512(2) of the Act or under the CCGs, and the matter be closed with a caution or warning."*

11. In order to provide an opportunity for personal representation and to meet the ends of justice, a hearing in the matter was fixed for November 03, 2025; which was adjourned on the request of the Authorized Representative vide a request letter dated October 25, 2025. Subsequently, in order to conclude the matter in a bona fide manner, another hearing was fixed for November 12, 2025 which was attended by the Authorized

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Representative. During the hearing, the Authorized Representative reiterated the submissions made in the written response and admitted the default. The Authorized Representative further submitted that the Company had subsequently complied with the relevant requirements of the CCG 2019 and COE 2019 by appointing Mr. Shah Naveed Saeed as the Engagement Partner for the financial year 2022. The Authorized Representative assured that due compliance with the provisions of the CCG, COE and the Act will be ensured in the future and requested leniency in the instant matter.

12. I have gone through the relevant provisions of Regulations 33(2) and 34(2) of the CCG 2017 and Section 290.149 of the COE 2015 and Regulations 32(2) and 33(2) of the CCG 2019 and Section 540.5 of the COE 2019 and considered the facts of the case, as well as the written and the verbal submissions made by the Noticee(s) through their Authorized Representative. I have also perused provisions of Regulation 41 of the CCG 2017, Regulation 37 of the CCG 2019 and Section 512(2) of the Act which stipulate penal action for contravention of the afore-referred requirements. It is pertinent to observe that Regulation 33(2) of the CCG 2017 explicitly prohibits the appointment of any audit firm or partner that is non-compliant with the IFAC Code of Ethics as adopted by ICAP, While Regulation 34(2) of the CCG 2017 mandates a rotation of the engagement partner after every five (05) years to mitigate familiarity threats and preserve professional skepticism, Section 290.149 of the COE 2015 further reinforces this requirement by stipulating that a key audit partner may serve a public interest entity for a maximum period of five (05) years, after which a mandatory two-year Cooling-off Period must be observed. These provisions are fundamental to ensuring that audit opinions remain independent, free from undue influence, and reflective of the true and fair view of a company's financial position. Non-adherence to these requirements undermines the credibility of financial reporting and the confidence of shareholders and investors.

13. Similarly, Regulations 32(2) and 33(2) of the CCG 2019, retained and reinforced the core principle that no company shall appoint an external auditor or engagement partner who is non-compliant with IFAC's ethical guidelines and rotate the engagement partner after every five (05) years. Furthermore, Section 540.5 of the COE 2019 introduced enhanced safeguards and clarified the concept of cumulative service periods, limiting the tenure of an engagement partner for a public interest entity to a maximum of five (05) cumulative years, followed by a mandatory five (05) consecutive years cooling-off period. The intent behind this more stringent limitation was to mitigate long association risks and ensure periodic refresh of independent audit judgment. Compliance with these rotation and cooling-off requirements is not merely procedural, rather it is a substantive measure to uphold audit independence and protect stakeholders' trust in the audit process.

14. The argument put forth by the Authorized Representative that the non-compliance occurred inadvertently and without mala fide intent, owing to reliance on the representations made by the Audit Firm, is untenable. While auditors have a professional duty to comply with the COEs, the responsibility for ensuring that only compliant auditors are appointed squarely rests with the Company's BOD, as required under Regulation 33(2) of the CCG 2017 and Regulation 32(2) of the CCG 2019. Furthermore, Section 246(2) of the Act explicitly provides that auditors shall be appointed in the annual general meeting on the recommendation of the BOD, after obtaining their consent, and that notice of such appointment shall be circulated to members accordingly. Therefore, the plea of inadvertence or good faith reliance on the auditor's confirmation cannot absolve the Noticee(s) of their statutory duty to exercise due diligence prior to making such recommendation. The BOD, being fully aware of its regulatory obligations, is expected to demonstrate a higher degree of prudence, oversight, and regulatory awareness to ensure compliance with the applicable laws and corporate governance requirements.

15. The contention of the Authorized Representative that subsequent compliance was made by effecting the rotation of the Engagement Partner in the financial year 2022 is devoid of merits. It is a trite principle that post-facto compliance cannot efface or nullify an established violation of the requirements of law. Reliance in this regard is placed upon the judgment passed by the Appellate Bench of the Commission in the matter of *AKD Investment Management Limited vs. Director/HoD Adjudication-I* (cited as 2024 CLD 762), wherein it was held that "*subsequent rectification actions do not absolve the Appellants from committed violations.*" Similarly, in the case cited as 2017 CLD 1019, it was rightfully held by the Appellate Bench of the Commission that "*...subsequent compliance cannot be a substitute of statutory [requirements]...the company being a public limited company has a responsibility to ensure full compliance of the provisions of the [law], therefore, the violation...cannot be excused and the penalty was rightly imposed on the Appellants.*"

16. In light of the foregoing, I am of the considered view that the contravention of the requirements of Regulations 34(2) and 33(2) of the CCG 2017 read with Section 290.149 of the COE 2015 and Regulations 33(2) and 32(2) of the CCG 2019 read with Section 540.5 of the COE 2019 have been established beyond doubt.

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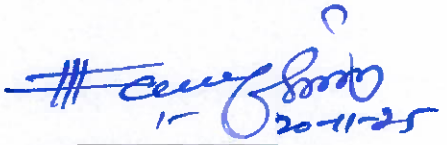
Nevertheless, taking into consideration that the Noticee(s), through their Authorized Representative, have admitted the default and undertaken to ensure strict compliance with the applicable provisions of the law in future by exercising greater vigilance in adhering to legal and regulatory requirement, I, in exercise of the powers conferred upon me under Regulation 41 of the CCG 2017 and Regulation 37 of the CCG 2019 read with Section 512(2) of the Act, S.R.O. 1545(I)/2019 dated December 06, 2019 and S.R.O. 1910(I)/2022 dated October 13, 2022, hereby conclude the instant proceedings by imposing an aggregate penalty of **Rs. 70,000/- (Pak Rupees Seventy Thousand Only)** on Noticee(s) No. (i) to (x) in the following manner and by **Warning** the Noticee No. (xi) i.e., the Company:

S. No.	Name of Noticee(s)	Period(s)	Violation w.r.t COE 2015 read with CCG 2017	Violation w.r.t COE 2019 read with CCG 2019
1	Ms. Hina Safdar	2021	-	5,000/-
2	Ms. Maria Abdul Hafeez	2021	-	5,000/-
3	Ms. Tayyaba Rasheed	2021	-	5,000/-
4	Mr. Abdul Majeed Ghaziani	2019 & 2021	5,000/-	5,000/-
5	Mr. Muhammad Farukh	2019 & 2021	5,000/-	5,000/-
6	Mr. Muneer S. Godil	2019 & 2021	5,000/-	5,000/-
7	Sheikh Ali Baakza	2019 & 2021	5,000/-	5,000/-
8	Mr. Safdar Sajjad	2019	5,000/-	-
9	Mr. Muhammad Zain Sardar	2019	5,000/-	-
10	Mr. Abdul Hafeez	2019	5,000/-	-
<b>Total</b>			<b>35,000/-</b>	<b>35,000</b>

The Noticee(s) are further advised to ensure meticulous compliance with the applicable legal and regulatory framework in the future.

17. The Noticee(s) 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 ("SECP Act").

18. Without prejudice to the above, in case the Noticee(s) are aggrieved by this Order may, within thirty (30) days of the Order, may prefer to file review application in terms of Section 32B of the SECP Act or may file an appeal to Appellate Bench of the Commission in terms of Section 33 of the SECP Act in accordance with the procedure for filing an appeal as laid down under the Securities and Exchange Commission of Pakistan (Appellate Bench Procedure) Rules, 2003.

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

**Announced:**  
 Dated: November 20, 2025  
 Islamabad

