



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department-I

Adjudication Division

ORDER	
Name of Company:	M/s. Citi Pharma Limited
Show Cause Notice No. & Date:	Adj-I/ARN/20/2022-663 dated July 18, 2025
Name(s) of Noticee(s):	(i) Mr. Nadeem Amjad, Chairman/Director; (ii) Mr. Rizwan Ahmad, CEO/Director; (iii) Mr. Zameer Ul Hassan Shah, Director; (iv) Mrs. Saira Aslam, Director; (v) Mr. Muhammad Naeem, Director; (vi) Mr. Abdul Jaleel Shaikh, Director; (vii) Ms. Farzin Khan, Director; (viii) Mr. Ghulam Dastgeer, Company Secretary; and (ix) M/s. Citi Pharma Limited <i>through its CEO</i>
Date(s) of Hearing(s) Opportunities:	(i). August 12, 2025; and (ii). August 18, 2025.
Case represented by:	Mr. Ghulam Dastgeer, (Director Finance/Company Secretary) <i>As the Authorized Representative on behalf of all the Noticee(s)</i>
Provisions of law involved:	Section 134 of the Companies Act, 2017 read with Section 238 and 510 thereof and with S.R.O. 423/2018 dated April 03, 2018 and Circular 10 of 2019 dated July 03, 2019
Date of Order:	October 10, 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. Adj-I/ARN/20/2022-663 dated July 18, 2025 (“SCN”) issued to M/s. Citi Pharma Limited (the “Company”) and its Board of Directors (the “BOD”) including the Chief Executive Officer (CEO) and the Company Secretary, hereinafter collectively referred to as the “Noticee(s)”, under Section 134 of the Companies Act, 2017 (the “Act”) read with Sections 238 and 510 thereof and S.R.O. 423/2018 dated April 03, 2018 (the “SRO”), and Circular 10 of 2019 dated July 03, 2019 (the “Circular”).

2. The provisions of sub-section (3) of Section 134 of the Act require that where any special business is to be transacted at a general meeting, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning such business, including, in particular, the nature and extent of the interest, if any, therein of every director, whether directly or indirectly, and, where any item of business consists of the according of an approval to any document by the meeting, the time when and the place where the document may be inspected, shall be specified in the statement.

3. Furthermore, clause-C of the SRO requires that; (i)- a listed company shall simultaneously dispatch a copy of the notice of the general meeting in which a special business is to be transacted along with the statement of material facts in the head office of the Securities and Exchange Commission of Pakistan, through fax or email and courier service on the same day it is dispatched to the members, (ii)- in respect of all the special businesses, company shall disclose the nature and extent of interest, if any, therein of every director, whether directly or indirectly, (iii)- the company shall, in addition to the minimum information specified hereinabove and that required by the Act or rules or

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regulations made thereunder, provide in the notice all the material information relevant to the special business to be transacted in the meeting that is necessary for the members to make a well-informed decision. Moreover, as per Clause (iii) of the Circular, listed companies are required to transmit notice of general meeting along with statement under section 134 of the Act, where applicable, to the SECP through fax or email at the email address general.meetings@secp.gov.pk.

4. The non-compliances of the aforementioned provisions of Section 134(3) of the Act, Clause-C of the SRO and Clause (iii) of the Circular attract penal provisions provided under Sections 134(12)(a), Sub-Section (2) of Section 238 and Sub-section (2) of Section 510 of the Act respectively, which are reproduced below for ready reference:

Section 134 (12) Any contravention or default in complying with requirement of this section shall be an offence liable—

(a) in case of a listed company, to a penalty of level 3 on the standard scale;

Section 238 (2) Any contravention or default in complying with requirement of this section shall be an offence liable to a penalty of level 3 on the standard scale.

Section 510 (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.

5. The brief facts of the case are that the review of the Annual Report/Audited Financial Statements for the year ending June 30, 2024 revealed that the Company held its Annual General Meeting (AGM) on October 28, 2024. During the AGM, the members approved a special business item concerning the change in location/site of the healthcare project; "Hospital," which was originally disclosed as the primary purpose of the funds raised in the prospectus of the IPO: Specifically, the resolution passed was to relocate the hospital project from its original site at 71-E/1, Hali Road, Gulberg-III, Lahore to a new location adjacent to Khayabane Zafar/DHA Rahbar, Lahore. However, upon reviewing the AGM notice, it was found that the required statement of material facts (the "Statement") was not included/attached with the notice. Additionally, it was observed that the Company had failed to provide the necessary disclosures related to the special business, as mandated by the SRO and provisions of the Circular. Furthermore, the Company, *prima facie*, did not send any statement to shareholders, nor was any such document submitted to the Commission, in apparent violation of the law.

6. Accordingly, the matter was taken up with the Company vide letter dated January 01, 2025 and in response the Company vide its letter dated February 10, 2025 and subsequent letter dated May 23, 2025 *inter alia* submitted that "*the shareholders were duly briefed about the Statement of Material Facts during the Annual General Meeting (AGM). The management ensured that all relevant details pertaining to the proposed change were communicated in a transparent manner, in accordance with the applicable legal and regulatory requirements.*"

7. Having not being satisfied with the aforesaid reply and taking cognizance in the matter, a SCN was served upon the Noticee(s) on July 18, 2025 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 the Act, the SRO and the Circular. In response to the SCN, Mr. Ghulam Dastgeer, Director Finance (the "**Authorized Representative**") on behalf of all the Noticee(s), vide letter dated August 16, 2025, *inter alia*, submitted that *the change in place was necessitated solely due to geographical constraints and Lahore Development Authority regulatory requirements which made the initially selected site infeasible. These*

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facts and background were not only disclosed to shareholders in the Corporate Briefing Session prior to the AGM but were also discussed and explained during the AGM. Accordingly, the shareholders passed the special resolution with due knowledge of the situation. Furthermore, that Clause 16A(3) of the Public Offering Regulations, 2017 requires a special resolution where the principal purpose of the issue is altered and the funds are diverted to other uses, resulting in non-completion of the principal purpose. Also, that the principal purpose of the IPO proceeds remained unchanged, i.e. the establishment of a hospital project. The geographical location

was only altered therefore the provisions of Clause 16A(3) regarding special resolution did not apply at that time. Their view is that the subject matter does not necessitate a special resolution, as the change implemented was not in respect of the principal purpose of the IPO proceeds but merely a change in the project's location. The change in project location was a strategic and regulatory necessity and did not constitute a diversion of funds from the principal purpose as disclosed in the IPO prospectus. The shareholders were duly informed and the resolution was passed transparently at the AGM. There was no willful non-compliance of Section 134(3) of the Act, and therefore condonement of the SCN.

8. In order to provide an opportunity of personal representation to the Noticee(s), hearing in the matter was first fixed for August 12, 2025. However, the same was re-fixed for August 18, 2025 as per the request of the Noticee(s) wherein the Authorized Representative appeared and argued the case. The Authorized Representative reiterated the written stance taken vide letter dated August 16, 2025 and further submitted that the non-compliance was unintentional. The Authorized Representative while admitting the default informed that the Statement was not circulated to the members and nor the same was communicated to the Commission. He further submitted that the Company was of the view that change in location of the project was not a change in the principal purpose.

9. The Authorized Representative, subsequent to the hearing, vide email dated August 19, 2025 submitted documents including the notice of AGM, voting results and the email generated by CDC (Central Depository Company) serving as the notice of AGM to all shareholders of the Company.

10. I have gone through the relevant provisions of Section 134 of the Act, clause-C of the SRO and Clause (iii) of the Circular and considered the facts of the case along with the available record of the Company as well as written and verbal submissions of the Noticee(s) through their Authorized Representative. I have also perused Sections 134(12)(a), Sub-Section (2) of Section 238 and Sub-section (2) of Section 510 of the Act respectively, which stipulate penal provisions for contravention of the afore-referred provisions of law. At this juncture, it is important to observe that Section 134(3) of the Act requires that when any special business is to be transacted at a general meeting, a Statement of Material Facts must be annexed to the notice of the meeting. This statement is essential to disclose all relevant details about the special business, including the nature and extent of any interest, whether direct or indirect, of every director. This provision ensures comprehensive disclosure, allowing shareholders, to understand the full implications of the special business, thereby fostering informed decision-making and accountability. It is also pertinent to observe that the requirements of law are unambiguous and mandatory in nature, leaving no room for acting otherwise.

11. Furthermore, Clause-C of the SRO also clearly requires that a listed company must simultaneously dispatch a copy of the notice of the general meeting, along with the Statement of Material Facts, to the Commission on the same day it is sent to the members. Clause (iii) of the Circular again requires (i.e. Statement of Material Facts) listed companies to give notice of general meeting, along with statement under section 134 of the Act, where applicable, and transmit the same to the Commission through fax or email. These clauses emphasize the dual objectives of regulatory oversight

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and transparency at the same time. By ensuring timely communication with the Commission, the regulatory framework enhances the accountability of listed companies and promotes compliance with disclosure obligations. Failure to meet these requirements undermine the principles of transparency and stakeholder trust.

12. It is also pertinent to observe that in the instant matter compliance with Section 134(3) of the Act, the SRO and the Circular was the sole responsibility of the Noticee(s). The statutory duty to annex the Statement to the notice of AGM, and transmitting the same to the Commission and for that matter to the shareholder lies clearly with the Noticee(s). The Noticees', who set the Agenda for the Annual General Meeting, are squarely responsible for ensuring compliance and their failure to circulate the Statement to the shareholders led to the contravention of the requirements of Section 134(3) of the Act read with the SRO and the Circular. It is also pertinent to observe that clear guidance was available to the Noticee(s) in terms of a related concluded matter, vide an Order dated January 31, 2025, wherein it has already been clearly established that change in location of the hospital project was in fact a change in principal purpose; hence requiring compliance with Section 134(3) of the Act, the SRO and the Circular and therefore, the argument put forth by the Authorized Representative that the change in the project's location does not constitute a change in its principal purpose is unfounded and lacks merit.

13. In view of the aforesaid, contraventions with the requirements of Section 134(3) of the Act read with the SRO and the Circular have been established beyond doubt which attract penal actions in terms of Section 134(12)(a) read with Section 238(2) and 510(2) of the Act. I have also given due attention to the verbal/written arguments presented by the Authorized Representative on behalf of all the Noticee(s) to the said non-compliance, however, none of the grounds seem to justify the non-adherence to the provisions of law. I, therefore, in exercise of the powers conferred upon me under Section 134(12)(a) read with Section 238(2) and Section 510(2) of the Act and SRO 1545(I)/2019 dated December 06, 2019, hereby impose an aggregate penalty of **Rs. 115,000/- (Pak Rupees One Hundred and Fifteen Thousand Only)** on the Noticee(s) in the following manner:

S. No.	Name of Noticee(s)	Amount of Penalty (Rs)
1	Mr. Nadeem Amjad, Chairman/Director	10,000/-
2	Mr. Rizwan Ahmad, CEO/Director	10,000/-
3	Mr. Zameer Ul Hassan Shah, Director	10,000/-
4	Mrs. Saira Aslam, Director	10,000/-
5	Mr. Muhammad Naeem, Director	10,000/-
6	Mr. Abdul Jaleel Shaikh, Director	10,000/-
7	Ms. Farzin Khan, Director	10,000/-
8	Mr. Ghulam Dastgeer, Company Secretary	20,000/-
9	M/s. Citi Pharma Limited through the CEO	25,000/-
Total		115,000/-

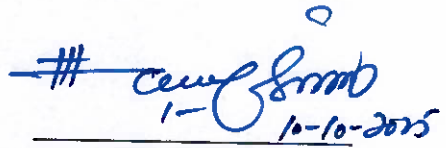
The Noticee(s) are further advised to ensure meticulous compliance with the applicable legal and regulatory framework in the future.

14. 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

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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.

15. Without prejudice to the above, in case the Noticee(s) are aggrieved by this Order may, within thirty days of the Order, may prefer to file review application in terms of Section 32B of the Securities and Exchange Commission of Pakistan Act, 1997 (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.


1-10-2025
Sohail Qadri
Director/ HOD
Adjudication Department-I

Announced:
Dated: October 10, 2025
Islamabad

