



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department- I

Adjudication Division

ORDER	
Name of Company:	M/s. Sitara Peroxide Limited
Show Cause Notice No. & Date:	CSD/ARN/543/2018-392 dated April 30, 2025
Name(s) of Noticee(s):	1. Mr. Yasir Ahmed Awan, Chairman; 2. Mr. Imran Ghafoor, CEO/Director; 3. Mr. Haroon Ahmed Zuberi, Director 4. Mr. Junaid Makda, Director; 5. Mrs. Sharmeen Imran, Director; 6. Mr. Saqib Anjum, Director; and 7. Mr. Saim Bin Saeed, Director
Date(s) of Hearing(s):	i. May 20, 2025; and ii. May 27, 2025.
Case Represented by:	i. Mr. Yasir Ahmed Awan; ii. Mr. Junaid Makda; iii. Mr. Saqib Anjum; and (Representing themselves in their personal capacities respectively) iv. Mr. Rashid Sadiq, Managing Partner, M/s. RS Corporate Advisory (as the Authorized Representative for Noticee(s) No. 2, 3, 5 & 7)
Provision of Law Involved:	Section 176 of the Companies Act, 2017 read with Section 479 thereof.
Date of Order:	June 27, 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/543/2018-392 dated April 30, 2025 (“SCN”) against the members of the Board of Directors (the “BOD”) of M/s. Sitara Peroxide Limited (the “Company”), hereinafter collectively referred to as the “Noticee(s)”, issued under Section 176 of the Companies Act, 2017 (the “Act”) read with Section 479 thereof.

2. The BOD of the Company, in terms of Section 176 of the Act, is required to meet at least once in each quarter of a year. In the instant matter, Mr. Yasir Ahmed Awan, Chairman of the BOD of the Company through SDMS Complaint No. 261171, lodged with the Commission on April 07, 2025, informed that the BOD has not held its quarterly meeting for the quarter ended March 31, 2025 as required under Section 176 of the Act. Moreover, the review of the available record also revealed that no announcements were made by the Company on website of Pakistan Stock Exchange (the “PSX”) for holding the BOD meeting during the quarter ended March 31, 2025.

3. Taking cognizance of the subject matter, 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 *prima facie* non-compliance with the aforesaid provisions of law.

4. Although no response to SCN was furnished by any of the Noticee(s), in order to provide an opportunity for personal representation and to meet the ends of justice, a hearing in the matter was first fixed for May 20, 2025; wherein only Mr. Yasir Awan, Mr. Junaid Makda and Mr. Saqib Anjum appeared in their personal capacities as Noticee(s) No. 1, 4 and 6 respectively and, *inter alia*, made the following submissions:

- By not holding the statutory meetings as well as the required BOD quarterly meetings, both the members of the Board and shareholders have been continuously deprived of critical information that should be communicated by the Company's management;

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- ii. *The CEO and Company Secretary, both based in Faisalabad, withhold all necessary information and are unwilling to share it with the Noticee(s) No. 1, 4 and 6 who have been making desperate efforts for holding of the Quarterly Meeting of the BOD on time.*
- iii. *The Company and the certain members of the BOD have been held responsible for non-compliance of similar matter in the past as well. However, the non-compliance still continues;*
- iv. *The Company Secretary, who also serves as Secretary in another group company, is deliberately neglecting his responsibilities in the Company and should be held responsible for failing to undertake his due regulatory responsibilities in the instant matter, especially where the Chairman and two other Directors who also hold shares in the Company have been continuously requesting for BOD's quarterly meetings;*
- v. *Despite several calls, messages, and visit to the Karachi Office by the Chairman of the BOD to meet the Company Secretary, he continues to refuse to comply with the directions for holding of the necessary meetings; and*
- vi. *The business is shut with no ongoing operations and the status of the factory is unknown to the Chairman of BOD and other members.*

5. Moreover, the **Noticee No. 1** substantiated his claim of making concerted and sincere efforts on his own behalf and on behalf of **Noticee(s) No. 4 and 6**, to ensure the Company's compliance with Section 176 of the Act in the instant matter, vide his email dated May 20, 2025 furnished a copy of his earlier email correspondence dated March 24, 2025, wherein he had written to the Company Secretary, i.e., Mr. Mazhar Ali Khan, regarding the pendency of compliance under Section 176 of the Act in addition to highlighting the Commission's previous Order which had warned the Company to ensure meticulous compliance with the law in letter and spirit.

6. Subsequently, and in light of an adjournment request dated May 20, 2025 received from Mr. Rashid Sadiq of M/s. RS Corporate Advisory (Corporate Consultant), as **Authorized Representative of Noticee(s) No. 2, 3, 5 and 7 (the "Authorized Representative")**, another hearing in the matter was fixed for May 27, 2025 which was again attended by Mr. Yasir Awan, Mr. Junaid Makda and Mr. Saqib Anjum in their respective personal capacities as **Noticee(s) No. 1, 4 and 6** who reiterated their previous submissions. Moreover, the Authorized Representative, appearing on behalf of **Noticee(s) No. 2, 3, 5 and 7, inter alia**, submitted as under:

- i. *The Respondents fully understand the responsibility of holding the required BOD meetings in a timely manner and, on account of fragile financial conditions and non-operational business, seek leniency in the instant matter and violation;*
- ii. *The Company's sponsors/management is trying to revive the Company's operations which would require necessary financial resources;*
- iii. *The plant of the Company has been shut down since June 2023 and all the workers of the Company have been released/laid off, therefore certain problems are being faced in terms of meeting the regulatory compliances; and*
- iv. *However, the violation is clear and the Respondents stand fully cognizant of ensuring the compliance.*

7. The Authorized Representative subsequently submitted written response vide letter dated May 30, 2025 which *inter alia* stated as follows:

We act on behalf of four (4) directors ("Respondents") of M/s Sitara Peroxide Limited ("Company") and submit this response to the Show Cause Notice ("SCN") dated 30 April 2025 (Ref: CSD/ARN/543/2018-392), issued under Section 176 of the Companies Act, 2017 ("Act") for failure to hold a Board meeting for the quarter ending 31 March 2025.

Section 176(3) of the Act mandates quarterly Board meetings, and sub-section (4) proposes penalties on directors for non-compliance. However, the Company has

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generally complied with this requirement in prior years and missed only one meeting due to operational closure and financial constraints beyond the Respondents' control.

The Respondents are committed to full compliance and intend to hold two meetings in the subsequent quarter to make up for the delay. Whether such delayed compliance cures the default under Section 176 is a legal question that favors a lenient and fair interpretation.

Article 25 of the Constitution and Section 20(6)(c) of the SECP Act require consistent and equal application of regulatory powers. Numerous precedents support the Commission's lenient approach to similar defaults when non-compliance was unintentional, such as Ghazi Fabrics International Ltd. (Order dated 13.02.2019) - delay condoned on assurance of future compliance, CNFA Pakistan (13.06.2016), Institute of Rural Management (03.12.2016), Southern Electric Power Co. (13.06.2016), and Finishers Ltd. (28.02.2018) - similar defaults resolved with warnings rather than penalties.

Courts have also stressed the need for uniformity in enforcement. The Lahore High Court in Nishat Mills v. SECP Appellate Bench held that deviation from precedent without justification is discriminatory. Similarly, in ANS Capital v. SECP (2017 CLD 686), the Appellate Bench held that different treatment for identical defaults constitutes unlawful discrimination. The Supreme Court in PLD 2012 SC 421 and PLD 2009 Lahore 362 emphasized that inconsistent application of the law undermines justice and creates uncertainty. Uniformity in decision-making is necessary for fair administration and to ensure legal predictability. Under Section 24A of the General Clauses Act, as adopted by Section 22(5) of the SECP Act, discretionary powers must be exercised fairly, reasonably, and with written justification.

Penalties should be imposed only upon a substantial finding of guilt, as clarified by the Supreme Court in SECP v. First Capital Securities (PLD 2011 SC 778). Technical or inadvertent violations should not result in disproportionate sanctions.

The Commission itself has followed this principle in Fauji Cement (Appeal No. 40 of 2014) and Next Capital (Appeal No. 26 of 2015), requiring intent or willfulness for penalty imposition. There is no deliberate or willful default in this case. The delay resulted from extraordinary circumstances. Imposing penalties would be inconsistent with precedent and legal standards.

Moreover, the delegation of penalty powers under Section 479(3) of the Act via SRO 1545(1) / 2019 is irregular. Section 479(4) requires written orders for case-specific delegation, which has not occurred. Without prejudice to the submission that delegation of powers of the Commission is contrary to the express provisions of Section 10 of the SECP Act, such delegation of powers / functions of the Commission without imposition of any conditions and rationality is also contrary to established principles of delegation of powers. Where such delegation lacks structure, the same is unlawful, as observed through the ruling of the honorable Supreme Court of Pakistan that instructs that the 'more important the power, responsibility or function being considered for delegation, the higher must be the "threshold" for the Authority in deciding not to impose any conditions and vice-versa' and that in case of delegation of more important power, responsibility or function, the threshold, and in effect, the discretion to not impose conditions starts to dissipate (M/s Fun Infotainment (Pvt) Limited/NEO T.V., Lahore vs. Pakistan Electronic Media Regulatory Authority & others, PLD 2024 SC 230 and Pakistan Electronic Media Regulatory Authority, vs. Pakistan Broadcasters Association and others, 2023 SCMR 1043). Therefore, any action taken under improperly delegated authority may be ultra vires and unlawful.

8. I have gone through the relevant provisions of Section 176 of the Act, considered the facts of the case and available record in the instant matter as well as written and verbal submissions

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27-06-2025

made by the Noticee(s) No. 1, 4 and 6 and the Authorized Representative on behalf of Noticee(s) No. 2, 3, 5 and 7. I have also perused the provisions of Section 176(4) of the Act which stipulate penal provisions for contravention of the afore-referred provisions of law. It is observed that in terms of Section 176(3) of the Act, the BOD of a public company is required to meet at least once in each quarter of the year. Accordingly, the Noticee(s) were obligated to hold the BOD meeting for the quarter ended March 31, 2025; which they have evidently failed to do. At this juncture, it is also important to observe that the statutory requirement is absolute, with no discretion or exemption provided under the applicable legal framework. The quarterly meetings of the BOD serve as a vital mechanism for ensuring financial oversight, strategic governance, and regulatory compliance. These meetings are essential for monitoring the Company's current state of affairs, addressing potential risks, and protecting the interests of shareholders; thereby enabling the BOD to play its vital role in the management of the business of the Company. The importance of such meeting gains further criticality in light of the fact that the Company is facing financial problems and operations are in a shutdown state where efforts are being made to revive the business. However, by failing to hold the quarterly meetings of BOD for the quarter ended March 31, 2025, the members of the BOD have clearly contravened the requirements of Section 176(3) of the Act.

9. Guidance can be borrowed from The Ramaiya Guide to the Indian Companies Act, 2013 which highlights the significance of regularly holding meetings of the board of directors by stating that "...the object of s. 285 of the 1956 Act (*pari materia* to Section 176 of the Companies Act, 2017) was to ensure that the Board meetings are held at reasonably frequent intervals, so that the directors may be in touch with the management of company's affairs as often as they should be...if no Board meetings are held and thereby through mismanagement or otherwise loss is sustained by the company, the whole Board will be liable."

10. Moreover, in the context of the Authorized Representative's argument for consistent treatment on the basis of binding precedents of earlier adjudication action by the Commission for just and fair dispensation of justice, it is important to observe that every case has distinct facts and circumstances, therefore, decision in one case can and should rather not be mechanically applied to other cases just on the basis of precedent. Furthermore, in the judgement of the Islamabad High Court in the case of *PKP Exploration Limited vs Federal Board of Revenue* (PTD 2021, 1644), it was held that decisions of quasi-judicial forums in one case are not binding for other similar cases before such tribunal. For reference relevant abstract of the judgement is reproduced below:

"13..... Given that it is an adjudicatory forum of a quasi-judicial nature established by statute, it is vested with no inherent power.The consequences of the decision of the Tribunal are limited to the case it decides and do not travel beyond the four corners of the subject-matter before it in appeal. In other words, neither the Constitution nor any statute envisages a law-declaring function for the Tribunal. Its decision do not become binding precedents. The reasoning of the Tribunal in one case could be treated by tax authorities as a persuasive precedent in a subsequent case where the subject-matter is the same or similar. But the persuasive quality or cogent reasoning of a decision of the Tribunal does not transform it into a legally binding precedent for officials exercising executive or adjudicatory authority under tax, statutes, just as the most compelling and potent decisions of District Courts do not make such decisions binding precedents. "

11. It is also pertinent to observe that proceedings in case of a violation of the same requirement of law against the Noticee(s) have also been concluded in the recent past where a penal action was undertaken and the Noticee(s) alongwith the Company Secretary of the Company were strictly advised to ensure future compliance. However, recurrence of the violation in the instant matter, unfortunately, shows a pattern of consistent lack of compliance

12. In respect of the arguments on competence of jurisdiction, it is observed that Section 479 has to be read in totality and in reference to the section providing imposition of penalty on the standard scale. The powers to take cognizance of the violations of the requirements of Section 176 of the Act has been duly delegated to the undersigned vide SRO No. 1545(I)/2019 dated December

Order in the matter of Board of Directors of M/s. Sitara Peroxide Limited dated June 27, 2025

6, 2019 (the SRO) to impose a penalty under Section 176(4) of the Act. The SRO also specifically authorized and empowered the undersigned to invoke the powers of Section 479 of the Act. The Commission has delegated its powers through Section 10 of the SECP Act, 1997 and to bring such delegation into public domain and knowledge, the delegation was notified through the SRO. Therefore, the Authorized Representative's arguments in respect of the delegation of powers are without any substance as the same do not suffer any irregularity or illegality.


13. In the instant matter, I am also bound to observe that the Noticee(s) No. 1, 4 and 6, despite the fact that the Company Secretary and the remaining Noticee(s) failed to play their due roles, made repeated efforts to ensure compliance with Section 176 of the Act. They consistently raised the issue of non-compliance through formal complaints and communications to both the Board, the Company Secretary, and the Commission, demonstrating their *bona fide* intent and efforts to avoid the default by meeting compliance requirements.

14. In view of the above-stated facts, I conclude proceedings in the instant matter with a well-considered view that by failing to hold BOD meeting for the quarter ended March 31, 2025 within the stipulated time, the members of the BOD have contravened the provisions of Section 176(3) of the Act. It is, therefore, I, in exercise of the powers conferred upon me under clause (a) of sub-section (4) of Section 176 of the Act read with section 479 vide S.R.O. 1545(I)/2019 dated December 06, 2019, hereby, impose an aggregate penalty of **Rs.120,000/- (Rupees One Hundred and Twenty Thousand Only)** upon the Noticee(s) No. 2, 3, 5 and 7 in the following manner:

Noticee(s) No.	Name of Noticee(s)	Amount of the Penalty Rs.
2.	Mr. Imran Ghafoor	30,000
3.	Mr. Haroon Ahmed Zuberi	30,000
5.	Mrs. Sharmeen Imran	30,000
7.	Mr. Saim Bin Saeed	30,000
	Total Amount	120,000/-

15. Moreover, considering the *bona fide* efforts of the Noticee(s) No. 1, 4 and 6 to avoid / rectify the default and to play their due part as members of the BOD for holding of the Quarterly Meeting in time, I, am inclined to condone the instant proceedings against them accordingly. The Noticee(s) No. 2, 3, 5 and 7 along with the Company Secretary of the Company are again strictly advised to take all steps necessary to ensure holding of meeting of the BOD in a timely manner and remain extremely careful in the future, to ensure meticulous compliance with the provisions of law effectively and efficiently.

16. The Noticee(s) No. 2, 3, 5 and 7 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.


Sohail Qadri
 Director/ HOD
 Adjudication Department-1

27-06-2025

Announced:
 June 27, 2025
 Islamabad.

