



Securities and Exchange Commission of Pakistan

BEFORE THE APPELLATE BENCH

In the matter of

Appeal No. 49 of 2023

Ansari Sugar Mills Limited

..... Appellant

Versus

Director/HOD, Adjudication Department-I, SECP

..... Respondent

Date of Hearing:

January 29, 2026

Present:

For the Appellant:

Mr. Nisar Ahmed, Authorized Representative

For the Respondent:

1. Mr. Mubasher Saeed Saddozai, Executive Director, Adjudication Division
2. Mr. Sohail Qadri, Director/HOD, Adjudication Department-I, SECP
3. Mr. Muhammad Faisal, Deputy Director, Adjudication Department-I, SECP

ORDER

1. This Order shall dispose of Appeal No. 49 of 2023 filed by Ansari Sugar Mills Limited (the "Appellant"), against the order dated March 17, 2023 (the "Impugned Order"), passed by the Director/HOD, Adjudication Department-I, SECP (the "Respondent"), under Section 132 read with Section 479 of the Companies Act, 2017 (the "Act").
2. Brief facts of the case are that during the examination of the Appellant's statutory compliance, it was observed that the Appellant failed to hold its Annual General Meeting ("AGM") for the financial year ended September 30, 2022 within the mandatory period of one hundred and twenty (120) days following the close of its financial year, as required under sub-section (1) of Section 132 of the Act. The Appellant's failure to convene the



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AGM within the stipulated period, and its continued non-compliance up to the date of the Impugned Order, constituted a contravention of the aforesaid provision of the Act.

3. In view of the aforesaid, the Respondent issued a show-cause notice dated February 10, 2023, (the "SCN") to the Appellant requiring it to explain why penal action should not be taken for violation of Section 132 of the Act. The Appellant failed to submit a written reply to the SCN. Thereafter, a hearing was held on March 02, 2023, wherein the Authorized Representative of the Appellant submitted that the AGM for the Financial Year 2022 could not be held due to pending audits and non-holding of its former AGMs for FY2018 to FY2021, and requested that a lenient view be taken. The Respondent concluded the proceedings and imposed a penalty of Rs. 150,000/- (Rupees One Hundred and Fifty Thousand only) on the Appellant under Section 132(5) of the Act.
4. The Appellant has preferred the instant Appeal on the following grounds *inter-alia*:
 - i. The Appellant submitted that it is an Omni Group company whose affairs, along with those of its group companies, directors, officers, shareholders, and senior management, had been subjected to extensive scrutiny and investigation by a specially constituted Joint Investigation Team appointed under the directions of the Hon'ble Supreme Court of Pakistan, as well as by the Federal Investigation Agency and the National Accountability Bureau.
 - ii. Several directors of the Appellant, including the Chief Executive Officer and Chief Operating Officer, were arrested, placed in judicial custody for prolonged periods, and released on bail on different dates, due to which they were unable to discharge statutory duties under the Act.
 - iii. Owing to the incarceration of key management personnel, the convening of Board meetings and AGMs was rendered practically impossible.
 - iv. During the said period, raids were conducted on the offices and factories of group companies, the Chief Financial Officer resigned, and financial and statutory records were taken into custody or were dislocated, damaged, or went missing, which severely impaired the Appellant's ability to finalize accounts and comply with statutory requirements.
 - v. The outbreak of COVID-19, resulting in staff shortages and operational disruptions, and repeated resignations of auditors during the relevant period, cumulatively prevented timely completion of statutory audits and holding of the AGM.



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- vi. Faced with unprecedented and unavoidable circumstances, the Appellant applied to the Securities and Exchange Commission of Pakistan (the “Commission”) for extension of time under Sections 132(1) Act.
 - vii. The Impugned Order was passed without due application of mind and in disregard of the material facts and exceptional circumstances placed on record. The Respondent failed to properly appreciate, consider, and evaluate the constraints beyond the Appellant’s control which directly impeded compliance with the statutory requirement of holding the AGM, thereby rendering the Impugned Order arbitrary, unreasonable, and unsustainable in the eyes law.
 - viii. The Appellant prayed that the Impugned Order may kindly be set aside.
5. In response to the submissions of the Appellant, the Respondent, *inter alia*, submitted that:
- i. The Appellant was statutorily required to ensure timely compliance with all applicable legal and regulatory requirements relating to the holding of the AGM and the filing of accounts, however, the Appellant failed to discharge these mandatory obligations within the prescribed timelines.
 - ii. The reasons advanced by the Appellant to justify the admitted violations were neither plausible nor legally tenable and, therefore, could not be accepted as valid justification for non-compliance with the mandatory provisions of the governing legal and regulatory framework.
 - iii. The Appellant had deprived its shareholders of their statutory right to receive the company’s financial statements within the time stipulated under the law, and the responsibility for preparation and timely circulation of such financial statements squarely rested upon the Appellant, who failed to take appropriate action within the prescribed period.
 - iv. Mere filing of an application dated December 21, 2018, seeking an extension of time under Section 132(1) of the Act to convene the overdue AGM, did not, *ipso facto*, absolve the Appellant from the consequences of delayed or non-holding of the AGM, unless such application was duly accepted by the competent authority.
 - v. The Appellant failed to place any evidence on record to demonstrate that the extension application was ever accepted, consequently, no benefit of the said application could be extended to the Appellant.



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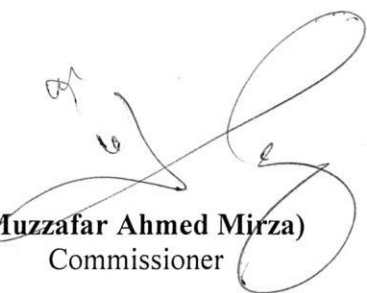
- vi. The Impugned Order was a well-reasoned, detailed, and speaking order, passed strictly in accordance with the law and the facts on record after due consideration of all submissions, arguments, and evidence presented by the Appellant.
 - vii. The Appellant's default was clearly established in light of the applicable statutory provisions, and that the imposition of penalty was lawful, justified, and proportionate to the established non-compliance.
 - xii. The Respondent prayed for dismissal of the Appeal.
6. The Appellate Bench (the "Bench") has heard the arguments of both the parties and perused the record. It is not in dispute that the Appellant failed to hold its AGM for the financial year ended September 30, 2022 within the period prescribed under Section 132(1) of the Act. However, the Bench observes that the Appellant's default occurred in the backdrop of extraordinary and exceptional circumstances. The affairs of the Appellant were subjected to intense scrutiny by a Joint Investigation Team constituted under the directions of the Hon'ble Supreme Court of Pakistan, alongside parallel investigations by the Federal Investigation Agency and the National Accountability Bureau. Several key directors and senior management personnel, including the Chief Executive Officer and Chief Operating Officer, were arrested and remained in judicial custody for prolonged periods, rendering the convening of board meetings and finalization of accounts virtually impossible. Additionally, resignation of the Chief Financial Officer, repeated resignations of auditors, and operational disruptions caused by the COVID-19 pandemic cumulatively impeded the Appellant's ability to comply with the statutory requirement of holding the AGM within the prescribed period. These circumstances, as placed on record by the Appellant, were beyond its control and cannot be regarded as willful default.
7. The Bench is of the view that regulatory enforcement, while necessary to safeguard shareholders' rights and ensure corporate governance, must be exercised in a manner that is fair, reasonable, and proportionate to the facts and circumstances. The Impugned Order, while speaking in form, did not sufficiently consider the cumulative effect of the exceptional circumstances faced by the Appellant. Delay in holding the AGM, without evidence of *mala fide* conduct, deliberate neglect, or prejudice to shareholders, cannot, in these circumstances, justify the imposition of a penalty. The Appellant had also filed an application for extension under Section 132(1) of the Act, which, although not formally

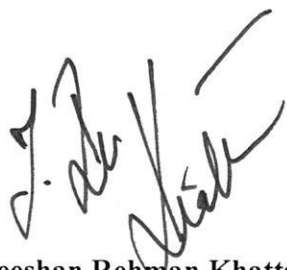


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accepted, demonstrated an attempt to adhere to the provisions of the law. Further, the Respondent has not demonstrated that the delay resulted in any adverse consequence to the shareholders or public interest. Accordingly, the penalty imposed of Rs. 150,000/- (Rupees One Hundred and Fifty Thousand only) cannot be regarded as proportionate, equitable, or in furtherance of the ends of justice.

8. In view of the foregoing, the Appeal is allowed and the Impugned Order is set aside. The Appellant is, however, reminded of its continuing obligation to ensure timely compliance with all statutory requirements in future.
9. The Appeal is disposed of in the above terms with no orders as to costs.


(Muzaffar Ahmed Mirza)
Commissioner


(Zeeshan Rehman Khattak)
Commissioner

Announced on: **09 FEB 2026**