



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department- I

Adjudication Division

ORDER	
Name of Company:	Imperial Limited
Show Cause Notice No. & Date:	No. Adj.I/ARN/64/2024-782 dated December 30, 2024
Respondents:	(i) Mr. Waqar Ibn Zahoor Bandey, Chairman; (ii) Mr. Naveed M. Sheikh, Director/ Chief Executive; (iii) Mr. Muhammad Tariq, Director; (iv) Mr. Ibrahim Naveed Sheikh, Director; (v) Mr. Shahzad Ullah Khan, Director; (vi) Mr. Najam Faiz, Director; (vii) Mrs. Fakhra Chaudhry, Director; and (viii) Mr. Muhammad Tayyab, Chief Financial Officer
Date(s) of Hearing(s):	(i) January 24, 2025
Case represented by:	(i) Ms. Aqsa Amin of UHY Hassan Naeem & Co Chartered Accountants (ii) Mr. Falraz Anwer, Company Secretary; and (iii) Mr. Ibrahim Naveed Sheikh, Director (As Authorized Representative)
Provision of law involved:	Section 237 of the Companies Act, 2017 read Section 479 thereof and Circular 11 of 2023 dated August 11, 2023
Date of Order	March 17, 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/64/2024-782 dated December 30, 2024 (the “SCN”) against the Board of Directors (the “BOD”) and Chief Financial Officer (the “CFO”) of M/s Imperial Limited (the “Company”) hereinafter collectively referred to as the “Respondents” under Section 237 read with Section 479 of the Companies Act, 2017 (the “Act”) and Circular No. 11 of 2023 dated August 11, 2023 (the “Circular”).

2. The provisions of sub-section (1) of Section 237 of the Act require all public listed companies to prepare its quarterly financial statements within thirty days of the close of their first and third quarters of their year of accounts and within sixty days of the close of their second quarter of their year of accounts. Sub-section (2) of Section 237 of the Act requires the listed companies to post on their website quarterly financial statements for information of members and also electronically transmit the same to the Commission, securities exchange and with the registrar within the period specified under sub-section (1).

3. The brief facts of the case are that the Company being public listed company was required to electronically transmit its first quarterly financial statements for the quarter ended September 30, 2024 with the Commission / registrar, and post the same on its website, within thirty (30) days of the close of the said quarter i.e. latest by October 30, 2024. The Commission acceded to a request of the Company for an extension

of time for preparing and filing/transmitting the quarterly financial statements to the Registrar/Commission for thirty (30) days i.e. latest by November 29, 2024. However, as per the relevant record of the Commission, it has *prima facie* failed to file/transmit the aforesaid quarterly financial statements with the Registrar/Commission.

4. As per the requirements of the Circular No 11 of 2023, all listed companies are *inter alia* required to file their quarterly financial statements (“QFS”) through eService/eZfile of the Commission, and such filing is considered as compliance of Section 237(2) of the Act with respect to filing/transmission of QFS to the Commission / registrar. Failure to Comply with the mandatory provisions of Section 237 of the Act attracts penal action as provided under Section 237(4) of the Act. The relevant provisions of law are reproduced hereunder:

“237. Quarterly financial statements of listed companies. — (1) Every listed company shall prepare quarterly financial statements within a period of :-

- a) thirty days from the close of first and third quarters of its year of accounts; and
- b) sixty days from the close of its second quarter of its year of accounts.

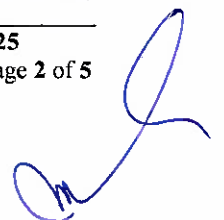
(2) The quarterly financial statements shall be posted on the company's website for the information of its members and also be transmitted electronically to the Commission, securities exchange and with the registrar within the period specified under sub-section (1).

(3).....

(4) If a company fails to comply with any of the requirements of this section, every director, including chief executive and chief financial officer of the company who has by his act or omission been the cause of such default shall be liable to a penalty of level 2 on the standard scale.”

5. Taking cognizance of the alleged violation of law, a SCN was served upon the Respondents on December 30, 2024 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 Section 237 of the Act read with the Circular. In response to the SCN, Mr. Falraz Anwer, Company Secretary vide letter dated January 13, 2025 *inter-alia* made the following submissions:

- (i) The Company understands the importance of timely submission of QFS and adherence of regulatory requirement. The delay was unintentional and due to the non-finalization of the audit for the year ended June 30, 2024.
- (ii) The Company timely applied to the Commission for an extension for holding the Annual General Meeting (AGM) along with a request for an extension for filing/transmission of QFS. The Commission vide letter dated October 9, 2024, granted an extension until November 29, 2024.
- (iii) Subsequently the Company submitted a second extension application dated November 4, 2024, for holding of AGM and filing/transmission of QFS. However, this request was declined by the Commission vide letter dated November 8, 2024.
- (iv) The delay in finalizing the audit was due to unforeseen circumstances. The resignation of the previous CFO and the subsequent ailment of the newly appointed CFO, who was diagnosed with severe illness soon after his joining, which severely impacted the process of audit. Due to his illness,



the CFO was unable to attend office which delayed the audit of the financial statements for the year ended June 30, 2024.

- (v) It is an established fact that the QFS cannot be prepared without the approval of annual financial statements by the shareholders. The QFS for the period ended September 30, 2024, is directly linked to the preceding audited accounts for the year ended June 30, 2024. Therefore, it was not possible to file the QFS without filing of the annual accounts. This dependency has been recognized by the Commission in Appeal No. 79 of 2019 (Agritech Ltd. vs. SECP) through its order dated December 30, 2020.
- (vi) Therefore, the Commission is requested to consider the circumstances leading to the delay which were beyond the control of BOD, and assure the Commission of the commitment to continue to fulfil compliance with the Act and other regulatory requirements in future.

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 January 24, 2025, which was attended by Ms. Aqsa Amin of UHY Hassan Naeem & Co Chartered Accountants; Mr. Fairaz Anwer, Company Secretary; and Mr. Ibrahim Naveed Sheikh, Director; on behalf of the Respondents as their Authorized Representatives ("**Authorized Representative**"). The Authorized Representative reiterated the stance taken in the written response and further asserted as under:

- i The Company's CFO resigned in April 2024, and a successor was appointed in August 2024. However, soon after assuming the role, the new CFO was diagnosed with severe illness, which severely impacted the audit process for the fiscal year ending June 30, 2024. Due to his prolonged illness, he ultimately resigned, and a third CFO was appointed in January 2025. As a result, the AGM and shareholder approval of the annual financial statements for the year ended June 30, 2024 were delayed.
- ii Since the QFS for the quarter ended on September 30, 2024, is connected with the approval of annual financial statements from the shareholders, therefore, the Company was not in a position to prepare and file/transmit the said QFS.
- iii The Authorized Representative further added that the Company operates with a very small team. The Company was previously in the sugar business, which ceased operations in 2014. One production unit was sold in 2017, and the remaining one is in the process of being sold. In 2020, the Company also changed its name. Additionally, the fiscal year, which previously ended on September 30, was changed to June 30 in the year 2022.
- iv The Authorized Representative emphasized that the Company followed legal procedures by obtaining an extension for preparation and filing/transmitting the QFS until November 29, 2024. They later requested a further extension, which was denied on November 8, 2024.
- v Since the AGM of the Company was successfully been conducted on December 26, 2024, and the financial statements for the year ended June 30, 2024, have been finalized, therefore, now they are focusing on finalizing the QFS for the quarter ended September 30, 2024, and they are hopeful that the said QFS will be filed/transmitted to the Commission by 1st or 2nd week of February 2025.

7. Subsequently, the Company Secretary (i.e. one of the Authorized Representative) vide email dated February 19, 2025, submitted that the Company held a meeting on February 10, 2025, to consider the QFS for the quarter ended September 30, 2024. A copy of the QFS for the quarter ended on September 30, 2024, has

been forwarded to the Commission on February 11, 2025 and the same has also been uploaded on the Company's website.

8. I have gone through the relevant provisions of Section 237 of the Act and the requirements of the Circular No. 11 of 2023, and considered the facts of the case, available record of the Company, as well as written and verbal submissions of the Respondents and the Authorized Representative. I have also perused Section 237(4) of the Act, which stipulates penal provisions for contravention of the afore-referred provisions of law. I have noted that in terms of Section 237(2) of the Act, every listed company is required to file/transmit its QFS within thirty (30) days from the date of close of its first quarter of its year of accounts or within the extended period/time frame. QFS are a crucial source of information for the stakeholders, especially shareholders, of a publicly listed company. It provides timely insights into a company's financial performance and such information is essential for assessing the company's overall financial health.

9. The provisions of Section 237 of the Act unambiguously and explicitly obligate the Company to file/transmit its QFS in a timely manner. In this respect, reliance is placed on an Order passed by the Appellate Bench of the Commission on March 01, 2023 (*in Appeal No. 73 of 2022- Gulistan Textile Mills Limited, vs. SECP*), whereby it was held that a public listed company has higher responsibility to disseminate true and accurate state of affairs to all the stakeholders in a timely manner so that they may take appropriate decisions. In another case cited as 2024 CLD 672 [*Appeal No. 77 of 2021 decided on August 25, 2023*], the Appellate Bench of the Commission held that "...interim financial statements prepared accurately and in timely manner, provide a reliable source of information regarding a company's financial position and performance to its users, besides illustrating regarding the results of the management's stewardship of resources entrusted to it..." The significance of transmitting quarterly financial statements of a listed company in a timely manner is also echoed in 2024 CLD 635 – Appeal No. 78 of 2021 decided on August 25, 2023, and 2024 CLD 415 – Appeal No. 97 of 2020 decided on August 25, 2023.

10. The Respondent relies on *Appeal No. 79 of 2019 (Agritech Ltd. vs. SECP)* to assert that QFS cannot be prepared without prior approval of annual financial statements from the shareholders. The appeal in Agritech Ltd, was specific to the facts of that case and cannot be broadly applied as a general precedent to excuse non-compliance in unrelated circumstances. The cited order does not establish a general principle, as the decision in the said case was based on **specific circumstances**, namely the existence of an injunctive order which legally prevented the Commission from taking coercive action. Whereas, in the present case, no such injunctive order exists that legally prohibited the timely filing of the QFS. Therefore, the reliance on Agritech Ltd case is misplaced and does not provide a valid justification for the delay.

11. The fact that the Respondents applied for an extension in time for preparing and filing/transmitting QFS and were granted time until November 29, 2024, indicates that they were fully aware of their obligation to prepare and file/transmit QFS within the extended timeframe. However, their failure to file/transmit QFS even within this extended period shows a lack of due diligence.

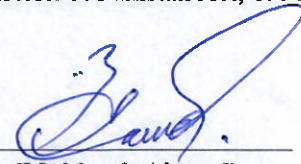
12. The justifications provided by the Respondents and the Authorized Representative, including the resignation and illness of the CFO, do not absolve them of their statutory obligations. Ensuring timely compliance with legal and regulatory requirements is the fundamental responsibility of the BOD and management, regardless of internal challenges. The claim of operating with a limited workforce highlights inadequate governance and contingency planning. While the CFO's resignation and subsequent illness were unfortunate, they do not constitute a valid legal excuse for non-compliance. Regulatory compliance is responsibility of the entire BOD and Management, not a single officer. The Respondents' admission of having a thin staff further reflects a lack of proper succession planning and internal controls, which a well-governed company must have to prevent such lapses.

13. The eventual finalizing/approval of the QFS on February 10, 2025, and forwarding a copy of the same to the Commission and uploading on the Company's website does not negate the violation of Section 237 of the Act. The submission occurred over two months past the extended deadline, highlighting a failure to adhere to statutory timelines. Compliance is not about eventual submission but timely adherence to legal obligations. Such lapses undermine corporate governance and investor confidence.

14. In view of the preceding facts, I am of the considered view that by failing to file/transmit the QFS to the Commission and to upload the same on the Company's website within the prescribed timeframe, despite being granted an extension, the contravention with the requirements of Section 237 of the Act has been established beyond doubt which attracts penal action in terms of sub-section (4) of Section 237 of the Act. I have given due attention to the grounds presented by the Respondents and their Authorized Representative to the said non-compliance. Due consideration has also been given to the previous compliance history of the Company and the fact that the QFS for the quarter ended on September 30, 2024 has now been approved by the Board and filed with the Commission on February 11, 2025, with a delay of seventy-three (73) days from the extended timeline (i.e. November 29, 2024) and the same has been uploaded on the Company's website. I, therefore, in exercise of the powers conferred upon me under sub-section (4) of Section 237 of the Act, hereby, impose an aggregate penalty of **Rs. 40,000/- (Rupees Forty Thousand only)** on the Respondents in the following manner:

S.No.	Name of Respondents	Penalty Amount (Rupees)
1.	Mr. Waqar Ibn Zahoor Bandey, Chairman	5,000
2.	Mr. Naveed M. Sheikh, Director/ Chief Executive	5,000
3.	Mr. Muhammad Tariq, Director;	5,000
4.	Mr. Ibrahim Naveed Sheikh, Director	5,000
5.	Mr. Shahzad Ullah Khan, Director	5,000
6.	Mr. Najam Faiz, Director	5,000
7.	Mrs. Fakhra Chaudhry, Director	5,000
8.	Mr. Muhammad Tayyab, Chief Financial Officer	5,000
	Total Amount	40,000

16. The Respondents are hereby directed to deposit the aforesaid fine in the designated bank account maintained in the name of Securities and Exchange Commission of Pakistan with MCB Bank Limited or United Bank Limited within thirty (30) days from the date of this Order and furnish receipted voucher issued in the name of the Commission for information and record. 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 provisions of Section 42 of the Securities and Exchange Commission of Pakistan Act, 1997.



(Mahboob Ahmad)

Additional Director/ Head of Wing
Adjudication Department-I

Announced:

Dated: March 17, 2025

Islamabad

