



# SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

## Adjudication Department- I

### Adjudication Division

| ORDER                         |   |
|-------------------------------|---|
| Name of Company:              | Citi Pharma Limited   |
| Show Cause Notice No. & Date: | CSD/ARN/20/2022-304 dated April 08, 2025  |
| Name(s) of Noticee(s):        | (i) Mr. Nadeem Amjad, Chairman/Director<br>(ii) Mr. Rizwan Ahmad, Chief Executive/Director<br>(iii) Mr. Zameer ul Hassan Shah, Director<br>(iv) Mrs. Saira Aslam, Director<br>(v) Mr. Abdul Jaleel Shaikh, Director<br>(vi) Mr. Muhammad Naeem, Director<br>(vii) Ms. Farzin Khan, Director<br>(viii) Mr. Asif Iqbal, Chief Financial Officer |
| Date of Hearing:              | April 29, 2025  |
| Case Represented by:          | Mr. Asif Iqbal, Chief Financial Officer<br>(Authorized Representative)  |
| Provision of Law Involved:    | Section 237 of the Companies Act, 2017 read with Section 479 thereof and Circular No.11 of 2023 dated August 11, 2023   |
| Order dated:                  | May 05, 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/20/2022-304 dated April 08, 2025 (“SCN”) against the Board of Directors (BOD), Chief Executive Officer (CEO) and Chief Financial Officer (CFO) of Citi Pharma Limited (the “Company”), hereinafter collectively referred to as the “Noticees”, under Section 237 of the Companies Act, 2017 (the “Act”) read with Section 479 thereof and Circular No.11 dated August 11, 2023 (the “Circular”).

2. The provisions of sub-section (1) of Section 237 of the Act requires all public listed companies to prepare its Quarterly Financial Statements (the “QFS”) 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 the QFS 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 a public listed company, was required to file/electronically transmit its QFS for the first quarter ended September 30, 2024 (the “first quarter”) and QFS for the second quarter ended December 31, 2024 (the “second quarter”) with the Registrar/Commission and post the same on its website within thirty (30) and sixty (60) days of the close of the respective quarter i.e., latest by October 30, 2024 and March 01, 2025 respectively. However, as per the relevant record of the Commission, it has filed/transmitted the QFS for the first quarter with the Registrar/Commission on November 21, 2024 with a delay of 22 days and has not filed/transmitted the QFS for the second quarter with the Registrar/Commission.

4. As per the requirements of the Circular, all listed companies are *inter alia* required to file their QFS through eServices/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. 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, SCN was served upon the Noticees 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. However, no written response was made by the Noticees.

6. In order to provide an opportunity for personal representation, a hearing in the matter was fixed for April 29, 2025 which was attended by Mr. Asif Iqbal, CFO, on behalf of the Noticees as their Authorized Representative (**the “Authorized Representative”**). During the course of the hearing, the Authorized Representative, *inter alia*, submitted that the Company had filed the QFS for the first quarter with delay, while the QFS for the second quarter had not been filed due to the prolonged health issues of one of the relevant officials. However, the Authorized Representative stated that the QFS for both quarters had been posted on the Pakistan Stock Exchange (PSX) within the prescribed time. The Authorized Representative further submitted that the QFS for the second quarter has already been approved and assured that the same will be filed within a week.

7. Subsequent to the hearing, the Authorized Representative vide letter dated April 30, 2025, *inter alia*, made the following submissions:

- (i) The delay in filing of QFS occurred due to unforeseen circumstances, as the Compliance officer, who was primarily responsible for ensuring regulatory compliance, faced a severe health issue and had been unable to attend the office for the last two months.



(ii) The QFS for the second quarter has been filed on April 29, 2025 in compliance with Section 237 of the Act. Given the situation, it is respectfully requested that no penalties be imposed and assured to comply with the regulatory requirements in future.

8. I have gone through the relevant provisions of Section 237 of the Act and the requirements of the Circular and considered the facts of the case, available record of the Company, as well as written and verbal submissions of 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. It is noted that Section 237(2) of the Act clearly mandates transmission of QFS within thirty (30) days and (60) days of the close of the first quarter and second quarter respectively. The timing of QFS submission is of critical importance. QFS are a crucial source of information for the stakeholders, especially shareholders, of a 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 dated March 01, 2023 passed by the Appellate Bench Registry of the Commission ("ABR") (*in Appeal No. 73 of 2022- Gulistan Textile Mills Limited, vs. SECP*), whereby it was held, "*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*". Similarly, in 2024 CLD 672 [*Appeal No. 77 of 2021 decided on August 25, 2023*], the ABR 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 QFS of a listed company in a timely manner is also reverberated 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 argument put forth by the Authorized Representative, that the delay in filing/transmitting the QFS for the second quarter was due to the prolonged illness of the Compliance Officer, does not justify the non-compliance with the statutory requirement; rather, it highlights the inadequate governance and contingency planning of the Company. Furthermore, no documentary evidence has been provided by the Authorized Representative to substantiate the claim that the QFS for the second quarter had been prepared in a timely manner.

It is pertinent to noted that ensuring timely compliance with legal and regulatory requirements is the fundamental responsibility of the BOD, regardless of internal challenges. Under the fiduciary duty to obey law, "*Directors have a duty to comply with the law*". In 2019 CLD 355 Islamabad [*Inam Ullah Khan vs Aksa Solutions Development Services (Pvt.) Ltd*] wherein it was highlighted that, "*It is settled law that Director of a company are saddle with the duty of loyalty, trust and utmost good faith. They are under a duty to act with diligence and care. Such a duty is termed as 'fiduciary'. The Directors, therefore, owe a fiduciary duty towards the shareholders and company.*" Furthermore, the evidence submitted by the Authorized Representative confirms that the QFS for the second quarter

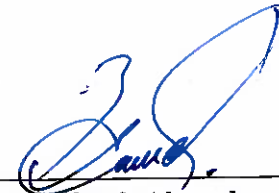
was filed/transmitted on April 29, 2025 with a delay of 59 days after the stipulated timeline i.e. March 01, 2025.

11. In light of the foregoing, the contravention with the requirements of Section 237 of the Act read with the Circular has been established as the Company has failed to timely file/transmit the QFS for the first and second quarter with the Registrar/Commission, however, filed/transmitted the QFS for the first quarter and second quarter on November 21, 2024 with a delay of 22 days and on April 29, 2025 with a delay of 59 days respectively. Nonetheless, keeping in view the afore-said and the compliance history of the Company, I, therefore in the exercise of powers conferred under sub-section (4) of Section 237 of the Act read with S.R.O. 1545(I)/2019 dated December 6, 2019, hereby conclude the proceeding initiated through the SCN against the Noticees by imposing an aggregate penalty of **Rs. 80,000 (Pak Rupees Eighty Thousand only)** on the Noticees in the following manner:

| Sr. # | Names of Noticees         | Amount in Rupees |
|-------|---------------------------|------------------|
| 1     | Mr. Nadeem Amjad          | 10,000           |
| 2     | Mr. Rizwan Ahmad          | 10,000           |
| 3     | Mr. Zameer ul Hassan Shah | 10,000           |
| 4     | Mrs. Saira Aslam          | 10,000           |
| 5     | Mr. Abdul Jaleel Shaikh   | 10,000           |
| 6     | Mr. Muhammad, Director    | 10,000           |
| 7     | Ms. Farzin Khan           | 10,000           |
| 8     | Mr. Asif Iqbal            | 10,000           |
|       | <b>Total</b>              | <b>80,000</b>    |

12. The Noticees are also advised to ensure meticulous compliance with the applicable legal and regulatory framework in future.

13. The aforesaid penalty must be deposited in the designated bank account maintained with MCB Bank Limited or United Bank Limited in the name of the Securities Exchange and Commission of Pakistan within thirty (30) days of the date of this Order and furnish receipted bank challan, to the Commission. In case of failure to deposit the said penalty, the proceedings under section 485 of the Act will be initiated for recovery of the same as arrears of land revenue.



**Mahboob Ahmad**

Additional Director/Head of Wing  
Adjudication Department – I

**Announced:**  
May 05, 2025  
Islamabad.