



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department- I

Adjudication Division

ORDER	
Name of Company:	M/s Ansari Sugar Mills Limited
Show Cause Notice No. & Date:	CSD/ARN/80/2015-954 dated February 25, 2025
Name(s) of Respondent(s):	(i) Khawaja Anver Majid, Director/CEO (ii) Khawaja Aleem Majid, Director (iii) Mr. Aurangzeb Khan, Director (iv) Mr. Dawoodi Morkas, Director (v) Mr. Iqbal Buledi, Director (vi) Mr. Waheed Ahmed, Director (vii) Mr. Noor Muhammad, Director (viii) Khawaja Muhammad Salman Younis, CFO
Date(s) of Hearing(s):	(i) March 24, 2025; (ii) April 07, 2025; and (iii) April 09, 2025
Case Represented by:	Mr. Nisar Ahmed (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
Date of Order:	May 06, 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/80/2015-954 dated February 25, 2025 (the SCN) against the Board of Directors, Chief Executive Officer (CEO) and Chief Financial Officer (CFO) of M/s. Ansari Sugar Mills Limited (the "Company") hereinafter collectively referred to as the Respondents 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 ("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 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 a public listed company was required to file/electronically transmit its Quarterly Financial Statements ("QFS") for the third quarter ended June 30, 2024 with the Registrar/Commission, within thirty (30) days of the close of the said quarter i.e. latest by July 30, 2024. However, as per the relevant record of the Commission, it has *prima facie* failed to file/transmit the aforesaid QFS with the Registrar/Commission.

4. As per the requirements of the Circular, all listed companies are *inter alia* required to file their 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. 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).

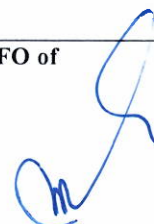
(3).....

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 February 25, 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 Section 237 of the Act read with the Circular. In response to the SCN, Mr. Nisar Ahmed (the Authorized Representative) of the Company, vide letter dated April 09, 2025 on behalf of the Respondents *inter alia* made the following submissions:

- (i) The Company was under scrutiny by a specially appointed "Joint Investigation Team" (JIT) which included Federal Investigation Agency as well as NAB.
- (ii) The Directors of the Company, namely Khawaja Anver Majid (CEO), Malik Waheed, Mr. Dawoodi Morkas and Mr. Salman Younis (COO) were taken into judicial custody in 2018 and were released on bail in 2020. As, the CEO and COO and two other directors remained in judicial custody, the statutory works such as convening of Board Meetings and holding of AGM were not possible as required under the Act.
- (iii) The CFO resigned after raids by investigating agencies and due to this the financial record of the Company went missing/damaged. The CEO holding majority shareholding apprehended a hostile takeover of the Company by minority shareholders/creditors and obtained stay order from Civil Court dated May 27, 2021 for holding AGM.
- (iv) The compliance could not be made due to Covid-19 as there was a shortage of staff.
- (v) The Auditor of the Company M/s. Crowe Hussain Chaudhury & Co. resigned on June 16, 2022 and new Auditor M/s Parker Russel-A.J.S. were appointed on July 06, 2022. M/s Parker Russel-A.J.S. resigned on October 21, 2022 and new Auditor M/s J.A.S.B & Associates were appointed.
- (vi) The management of the Company were preoccupied with investigation of the JIT therefore the auditors could not work effectively.
- (vii) The AGM for the year 2024 was held on September 30, 2024 after finalization of accounts for the year 2023 and quarterly accounts for third quarter 2024 will be filed and available up to April 30, 2025.
- (viii) It is requested to condone the delay in filing/transmitting of quarterly accounts for the period ended June 30, 2024.

6. In order to provide an opportunity for personal representation, a hearing in the matter was fixed for March 24, 2025, which was adjourned on request of the Authorized Representative vide letter dated



March 21, 2025, subsequently hearing was fixed for April 07, 2025 which was also adjourned on request of the Authorized Representative. Hearing in the matter was re-fixed for April 14, 2025, however the Authorized Representative requested and appeared for hearing on April 09, 2025 for the instant proceedings. During the hearing, the Authorized Representative reiterated the stance taken vide letter dated April 09, 2025 and *inter alia*, submitted that the Company was under scrutiny by various investigation agencies as well as a JIT. Some of the Directors had been in judicial custody and all these circumstances made it difficult for the Company to fulfill its statutory compliance. Further, it is submitted that the investigation related issues have been resolved and the Company is going to comply with statutory requirements.

7. 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 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 third quarter of its year of accounts. QFS are a crucial source of information for the stakeholders, especially shareholders, of a public 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.

8. 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.

9. The Company's matters related to the JIT, judicial custody of its Directors, as well as matters related with other investigation agencies were between the years 2018 and 2020 and the instant proceedings are for submission of QFS for the quarter ended June 30, 2024, therefore the aforesaid arguments are not plausible. Further, the provisions of Section 237 of the Act explicitly require timely filing/transmission of QFS. It is also noted that the argument of the Authorized Representative with regards to the restrictions and low staff due to Covid-19 bear no standing, as Covid-19 has long been gone and the QFS in question are for June 30, 2024, so the reliance on Covid-19 is not a plausible justification.

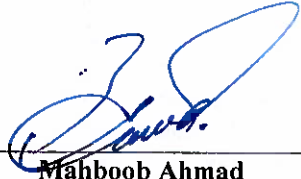
10. It is also observed that the Company has emphasized that there were compliance issues due to management's preoccupation with investigations and resignation of auditor(s) which hindered compliance. The argument is not cogent as the change in auditor does not absolve the Company from regulatory compliance being a public listed company.

11. It has been observed that as per our record, the Company has filed the QFS for the quarter ended June 30, 2024 on April 30, 2025 i.e. with a delay of 274 days.

12. In view of the above-stated facts and circumstances, I am of the considered view that by failing to file/transmit the QFS for the quarter ended June 30, 2024, within the prescribed timeframe and by not timely posting the same on the Company's website, the Respondents have contravened the requirements of Section 237(2) of the Act read with Circular No. 11 of 2023. However, it has been noticed that the Company has filed the QFS on April 30, 2025. I, therefore, in exercise of the powers conferred upon me under sub-section (4) of Section 237 of the Act read with S.R.O. 1545(I)/2019 dated December 06, 2019, hereby, conclude the instant proceedings by imposing an aggregate penalty of **Rs. 120,000/- (Rupees One Hundred and Twenty Thousand Only)** on the Respondents on account of the aforesaid established default in the following manner:

S. No.	Name of the Respondents	Amount of the Penalty (Rs)
1	Khawaja Anver Majid, Director/CEO	15,000
2	Khawaja Aleem Majid, Director	15,000
3	Mr. Aurangzeb Khan, Director	15,000
4	Mr. Dawoodi Morkas, Director	15,000
5	Mr. Iqbal Buledi, Director	15,000
6	Mr. Waheed Ahmed, Director	15,000
7	Mr. Noor Muhammad, Director	15,000
8	Khawaja Muhammad Salman Younis, CFO	15,000
Total		120,000

13. The Respondents are hereby directed to deposit the aforesaid penalty 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 the provisions of Section 42B of the Securities and Exchange Commission of Pakistan Act, 1997.



Mahboob Ahmad
Additional Director/Head of Wing
Adjudication Department – I
Listed Companies Wing

Announced:
May 06, 2025
Islamabad