



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/80/2015-316 dated April 11, 2025
Name of Noticee(s):	(i) Mr. Aurangzeb Khan, Chairman/Director (ii) Khawaja Anver Majid, Chief Executive/Director (iii) Mr. Noor Muhammad, Director (iv) Mr. Waheed Ahmed, Director (v) Khawaja Aleem Majid, Director (vi) Mr. Iqbal Buledi, Director (vii) Ms. Aisha Jangsher, Director (viii) Khawaja Muhammad Salman Younis, Chief Financial Officer
Date of Hearing:	May 13, 2025
Case Represented by:	Mr. Nisar Ahmed, Partner-Rao & Company Chartered Accountants (as the 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 16, 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/80/2015-316 dated April 11, 2025 ("SCN") against the Board of Directors (BOD), Chief Executive Officer (CEO) and Chief Financial Officer (CFO) of M/s. Ansari Sugar Mills 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 ("QFS") within (30) thirty days of the close of their first and third quarters of their year of accounts and within (60) 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 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. 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 December 31, 2024 with the Registrar/Commission, within thirty (30) days of the close of the said quarter i.e. latest by January 30, 2025. However, as per the relevant record of the Commission, it has, *prima facie*, failed to file/transmit the aforesaid QFS with the Registrar/Commission within the stipulated timeline.

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 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. In response to the SCN, Mr. Nisar Ahmed, Partner-Rao & Company Chartered Accountants, on behalf of the Noticees as their Authorized Representative (the **"Authorized Representative"**) vide letter dated May 13, 2025, *inter alia*, made the following submissions:

- (i) The notice for the Annual General Meeting (AGM) for the year ended September 30, 2024, was issued on April 25, 2025, for a meeting scheduled on May 16, 2025.
- (ii) The QFS for the first quarter ended December 31, 2024, are expected to be filed/transmitted by May 30, 2025.

6. In order to provide an opportunity for personal representation, a hearing in the matter was fixed for May 13, 2025, which was attended by the Authorized Representative. During the course of hearing, the Authorized Representative reiterated the response to SCN submitted vide letter dated May 13, 2025 and assured that the QFS first quarter ended December 31, 2024 will be filed/transmitted by May 30, 2025. Furthermore, the Authorized Representative requested that the arguments put forth vide letter dated April 09, 2025 in respect of proceeding initiated through Show Cause Notice No. CSD/ARN/80/2015-954 dated February 25, 2025 be taken into consideration for instant proceedings under Section 237 of the Act, which, *inter alia*, states as under:

- (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, Chief Operation Officer

(COO), were taken into judicial custody in 2018 and were released on bail in 2020. As the CEO, 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.

7. 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 of the close of the first quarter of year of accounts. 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.

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 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.

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 December 31, 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 December 31, 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. Furthermore, the Authorized Representative asserted that the Company intended to hold its AGM on May 16, 2025, following which the QFS for the first quarter ended December 31, 2024 would be filed/transmitted with the Commission/Registrar by May 30, 2025. However, this explanation does not justify the non-compliance with the statutory timeline prescribed for submission of QFS. As it is mandatory for all listed companies to ensure timely filing of QFS in accordance with the prescribed timelines, which, the Company has filed to do so.

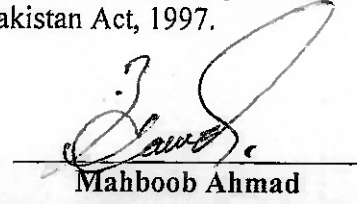
12. Furthermore, it is pertinent to note that ensuring timely compliance with legal and regulatory requirements is the fundamental responsibility of the BOD. Under the fiduciary duty to obey law, "*Directors have a duty to comply with the law*". In 2019 CLD 355 Islamabad [*Inam Ullah Khan vs Aksa Solutions 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.*"

13. 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 file/transmit the QFS for the first quarter ended December 31, 2025 with the Registrar/Commission within the stipulated timeline. Therefore, I, 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. Aurangzeb Khan	10,000
2	Khawaja Anver Majid	10,000
3	Mr. Noor Muhammad	10,000
4	Mr. Waheed Ahmed	10,000
5	Khawaja Aleem Majid	10,000
6	Mr. Iqbal Buledi, Director	10,000
7	Ms. Aisha Jangsher	10,000
8	Khawaja Muhammad Salman Younis	10,000
	Total	80,000

14. The Noticees 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

Announced:
May 16, 2025
Islamabad.

