



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/80/2015-436, dated March 17, 2025
Name(s) of Noticee(s):	(i) M/s Ansari Sugar Mills Limited, the Company; (ii) Khawaja Anver Majid, Director/CEO; (iii) Khawaja Aleem Majid, Director; (iv) Mr. Aurangzeb Khan, Director; (v) Mr. Dawoodi Morkas, Director; (vi) Mr. Iqbal Buledi, Director; (vii) Mr. Waheed Ahmed, Director; (viii) Mr. Noor Muhammad, Director; and (ix) Mr. Imran Hameed, Company Secretary
Date(s) of Hearing(s):	April 09, 2025
Case Represented by:	Mr. Nisar Ahmed, Corporate Consultant as the Authorized Representative
Provision of Law Involved:	Section 132 of the Companies Act, 2017 read with Section 479 thereof
Date of Order:	May 20, 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/80/2015-436 dated March 17, 2025 (SCN) against M/s Ansari Sugar Mills Limited (the **"Company"**), its Board of Directors, including the CEO and the Company Secretary, hereinafter collectively referred to as the **"Noticee(s)"** under Section 132 of the Companies Act, 2017 (**"the Act"**) read with Section 479 thereof.

2. The provisions of sub-section (1) of Section 132 of the Act requires that *every company shall hold an Annual General Meeting ("AGM") within sixteen months from the date of its incorporation and thereafter once in every calendar year within a period of one hundred and twenty (120) days following the close of its financial year: Provided that, in the case of a listed company, the Commission, and, in any other case, the registrar, may for any special reason extend the time within which any annual general meeting, shall be held by a period not exceeding thirty days.*

3. The non-compliance with the aforementioned provisions of the Act attract penal provisions of sub-section (5) of Section 132 of the Act. The relevant provisions of the Act are reproduced hereunder:

"(5) Any contravention or default in complying with requirement of this section shall be an offence liable—

(a) in case of a listed company, to a penalty of level 2 on the standard scale; and.."

4. Brief facts of the case are that as per record available, the Company, failed to convene its AGM for the year ended September 30, 2024 within stipulated time, i.e., by January 28, 2025. The Company requested the Commission for an extension in holding of its AGM, which was duly granted by the Commission till February 27, 2025 vide Commission's letter dated February 18, 2025; thereby allowing it to hold the said AGM till February 27, 2025. Moreover, it is pertinent to note for the record that a request of the Company for further extension was denied by the Commission vide letter dated March 03, 2025.

5. The Directors, Chief Executive, and Company Secretary of the Company, *prima facie*, contravened the provisions of Section 132(1) of the Act by failing to convene its AGM for the year

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ended September 30, 2024 within the stipulated time while also failing to hold the same within the extended time. Taking cognizance of the alleged violation of law, SCN was served upon the Noticee(s) on March 17, 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 132 of the Act read with Section 479 thereof. In response to the SCN, Mr. Nisar Ahmed the (**Authorized Representative**) on behalf of all the Noticee(s) vide letter dated April 09, 2025 *inter alia* submitted that

".....default in holding AGM for the year ended 30-09-2024 is consequential as AGM for the year ended 30-09-2021 and 30-09-2022 were also held late and order u/s 132 read with section 479 of the companies act, 2017 were also passed on 17-03-2023 and company has filed appeal to the commission which are pending for adjudication. It is further submitted that Audit of Accounts for the year ended 30-09-2023 was completed and AGM held on 30-09-2024. The Audit of accounts for the year ended 30-09-2024 is also in process. The delay in holding AGM for the year ended 30-09-2024 was contributed by the delay in finalization of audit of pending years and late holding of AGM for the previous year. It is therefore requested to kindly condone the delay which was consequential due to pending meetings and not willful.

6. In order to provide an opportunity for personal representation and to meet the ends of justice, a hearing in the matter was fixed for April 09, 2025. On the date of hearing, the Authorized Representative, appeared online on behalf of all the Noticee(s). During the hearing, the Authorized Representative reiterated the stance taken vide letter dated April 09, 2025 and also submitted that the Noticee(s) admit the default in holding of AGM as per requirements of law. It was further submitted that the Company faced scrutiny from National Accountability Bureau (NAB), which hindered its work. Moreover, the CFO of the Company also resigned whereas the external Auditors also left the job on account of ongoing investigation by NAB. The Company was facing various Court cases, which were later on closed and the Company resumed its activity with an effort to meet the pending compliances in an effective manner. The new Auditor was appointed on April 30, 2024 and the Authorized Representative further assured that by May 31, 2025 the Company plans to hold the pending AGM.

7. I have reviewed the facts of the case and also considered the written and verbal submissions made by the Noticee(s) and the Authorized Representative. I have also reviewed the provisions of Section 132(1) and 132(5) of the Act. At this juncture, it is important to discuss the following legal and factual elements:

- (i) Holding the AGM is a vital statutory event that provides an opportunity to the shareholders to participate in the discussions and voting on agenda items of the AGM which, amongst several others, includes consideration and approval of the company's financial statements. Such discussion and disclosure provide an opportunity to the management and the BoD to show the financial position and performance along with results of their stewardship of resources entrusted into them as agents of the shareholders. In order to ensure transparency and to protect the shareholders' rights, all companies must meticulously adhere to the law by following the prescribe procedure in an effective manner. Moreover, the BOD and the management of a listed Company have a higher fiduciary duty towards the shareholders; hence making them liable to a higher level of accountability which, in-turn, requires them to be vigilant and to perform their duties with utmost care and prudence, especially when it comes to holding of statutory meetings. Guidance can be drawn from a judgment passed by the Appellate Bench of the Commission in the matter of 2017 CLD 839 [Appeal No. 28 of 2013], where it was held that "...the facts of the case are clear and evident that the Appellants failed to conduct the AGM within stipulated time...therefore, they have acted

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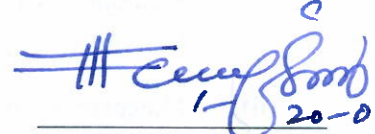
against the fiduciary responsibilities towards the Company in capacity of directors... it was the collective responsibility of the directors of the Company to hold the meeting in accordance with law but they have failed to comply with the requirements of law, therefore no distinction could be assumed regarding guilt or innocence of the directors...".

- (ii) Moreover, it is observed that the Company proceeded with holding of the earlier AGM with a significant delay and approached the external auditors in respect of the Audit activity for the year FY 2024 in the instant matter with a substantial delay. It is observed that the Authorized Representative's argument regarding the delay in convening the AGM due to circumstances beyond their control, specifically the scrutiny of the Company by NAB and on-going litigation, is not a plausible justification for not holding the AGM within the stipulated time as it is observed that the proceedings of NAB were undertaken during the year 2018.
- (iii) It is further observed that the Company has exhibited a recurring pattern of non-compliances with respect to the timely convening of AGMs, as evidenced by previous adjudication orders dated March 17, 2023, October 19, 2022 and March 27, 2019, which were passed for its failure to hold the respective AGMs in a timely manner.

8. In view of the above, the aforesaid contravention with the requirements of Section 132 of the Act by the Noticee(s) has been established beyond doubt which attracts a penal action in terms sub-section (5) of Section 132 read with Section 479 of the Act. Due consideration has also been given to the fact that the Company has, subsequently, published a notice dated April 25, 2025 on the PSX for holding its pending AGM for the period ended September 30, 2024 on May 16, 2025. Furthermore, the Authorized Representative duly confirmed the holding of the said AGM on May 16, 2025 as per the published notice, *albeit* with a delay of 109 days from the stipulated date i.e. January 28, 2025 and in fact also well beyond the extended time allowed by the Commission. Whereas such *post facto* compliance does not absolve the Noticee(s) from their liability in terms of contravention of Section 132 of the Act, I, am inclined to take a lenient view in terms of the burden of penal action and in exercise of the powers conferred upon me under Section 479 of the Act read with SRO 1545(I)/2019 dated December 06, 2019 hereby conclude the instant proceedings with a strict **WARNING** to the Company/ Noticee no. (i) and an aggregate penalty/fine of **Rs. 80,000/- (Pak Rupees Eighty Thousand Only)** on the remaining Noticee(s) in the following manner:

S. No.	Name of the Noticee(s)	Amount of the Penalty (Rs)
1	Khawaja Anver Majid, Director/CEO	10,000
2	Khawaja Aleem Majid, Director	10,000
3	Mr. Aurangzeb Khan, Director	10,000
4	Mr. Dawoodi Morkas, Director	10,000
5	Mr. Iqbal Buledi, Director	10,000
6	Mr. Waheed Ahmed, Director	10,000
7	Mr. Noor Muhammad, Director	10,000
8	Mr. Imran Hameed, Company Secretary	10,000
Total		80,000

9. The Noticee(s) are, hereby, further directed to deposit the aforesaid amount of penalty in the designated bank account maintained in the name of the Commission with MCB Bank Limited or United Bank Limited within thirty (30) days from the date of this Order and to furnish a receipted bank challan to the Commission forthwith. 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 provision of Section 42B of the Securities and Exchange Commission of Pakistan Act, 1997.


20-05-2025
Sohail Qadri
Director/ HOD
Adjudication Department-I

Announced:
May 20, 2025
Islamabad