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**SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN****Adjudication Department-I****Adjudication Division**

ORDER	
Name of Company	Highnoon Laboratories Limited
Number and Date of Show Cause Notice (SCN)	2(467)SMD/Adj-1/2024-165 dated November 14, 2024
Date of Hearing	December 11, 2024
Case represented by	Mr. Abdul Hanan, Corporate Consultant; as the (Authorized Representative.)
Provisions of law involved	Sections 101 and 103 of the Securities Act, 2015 read with Regulations 3(1) and 3(4) of the Reporting and Disclosure (of Shareholding by Directors, Executive Officers and Substantial Shareholders) Regulations, 2015 and Section 106 of the Act.

This Order shall dispose of the proceedings initiated through the Show Cause Notice No. 2(467)SMD/Adj-1/2024-165 dated November 14, 2024 (**the "SCN"**) by the Securities and Exchange Commission of Pakistan (**the "Commission"**) against Mr. Ashfaq P. Alidina, Chief Financial Officer (CFO) (**the "Respondent"**) of Highnoon Laboratories Limited (**the "Company"**) under Section 106 of the Securities Act, 2015 (**the "Act"**) for failure to comply with Sections 101 and 103 of the Act read with Regulations 3(1) and 3(4) of the Reporting and Disclosure (of Shareholding by Directors, Executive Officers and Substantial Shareholders) Regulations, 2015 (**the "Regulations"**).

2. The brief facts of the matter are that the Company vide its letter dated March 31, 2022 disclosed to Pakistan Stock Exchange (PSX) that the Respondent was appointed as CFO of the Company on April 01, 2020. Pursuant to the requirements of Sections 101 and 103 of the Act read with Regulations 3(1) and 3(4) of the Regulations, the Respondent was required to file a statement of Beneficial Ownership (BO) on the prescribed Forms i.e. Form 1 to the Company and Form 5 to the Commission, within seven days (7) of **becoming the executive officer of the Company**. However, on perusal of records, it was observed that the Respondent failed to comply with the aforesaid requirement of law.

3. In order to probe the matter, the Commission vide letter dated September 05, 2024 sought explanation from the Respondent on the aforesaid non-compliance with the requirements of the Act and Regulations. In response, the Respondent vide letter dated September 19, 2024 *inter alia*, submitted the following response:

*"I would like to clarify that I do not hold any shares of Highnoon Laboratories Limited in my individual capacity. The account I possess, is a joint account with my father, which does not meet the criteria for shareholding disclosure under Form 5 and Form 6 filings.*

*As per my understanding, since I am not holding any shares under my own name or any shareholding that triggers a disclosure requirement, I am not obligated to file the aforementioned forms."*

4. The Company vide its letter dated October 10, 2024 filed prescribed Forms to the Commission. On perusal of the submitted Forms, it has been observed that the Respondent filed his respective Forms

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i.e. Form 1-to the Company, and Form 5-to the Commission, with the following delay:

Name of Executive Officer	Date of Appointment	Form 1 due date	Form 1 submission date to the Company	Form 1 Delay	Form 5 due date	Form 5 submission date to the Commission	Form 5 Delay
Mr. Ashfaq P. Alidina	April 01, 2020	April 08, 2020	October 01, 2024	1637	April 08, 2020	October 10, 2024	1646

5. Having being not satisfied with the aforesaid response, the SCN was issued to the Respondent to show the cause in writing as to why a penal action may not be taken against him for non-compliance of the requirements of the Act and Regulations. In response to the SCN, the Respondent vide letter dated November 28, 2024, made the following written response:

- (i) The law requires to submit a return of BO by the executive officer if he is holding, directly or indirectly, any equity security (shares) in the company.
- (ii) In terms of sub-section (5) of Section 101 of the Act, indirect holding of equity security includes holding of such securities by wife, minor son or daughter.
- (iii) In terms of Section 101 of the Act, the disclosure must include the amount and description of the securities of the company and date of acquisition of BO.
- (iv) Similarly, Section 103 of the Act requires that the executive officer shall file a statement of BO in the listed equity securities of the company on the prescribed form.
- (v) The information required to be provided through Form 1 includes the holding of securities in the name of the executive officer or his wife or dependent by disclosing the number of securities held and the cost.
- (vi) It is important to note that the law always specifically provides the requirements to be complied with by the individual or the company. Here in the instant matter, the Act does not specifically require, in any of the provisions of the Act, that submission of BO return is mandatory even when if the executive officer is holding NIL shares.
- (vii) It is evident from the above requirements of the law that the officer is required to report his BO if and only if he holds, directly or indirectly, some equity securities in his name. As the information that is required to be provided in the specified forms requires the disclosure of securities held, its description and the cost at which these securities were purchased.
- (viii) The form also does not contain any section which reflects that NIL reporting is to be conveyed. There is no any other provision of the Act requiring to file the information under section 101 and 103 of the Act if the officer is not holding any securities in his name directly or indirectly.
- (ix) It is clarified that neither me nor my wife or minor son or daughter is holding a single share/security, in the Company since my appointment as CFO on April 1, 2020.
- (x) On the basis of above understanding, prescribed forms were not filed. However, in order to meet the requirements of law, the same have been filed.
- (xi) It is requested to condone the same as this omission has not jeopardized public interest and was done inadvertently.

*[Handwritten signature and date]*  
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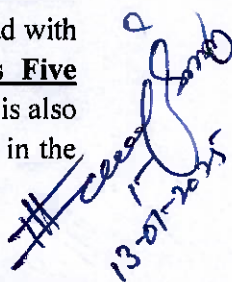


6. In order to provide opportunity of personal representation and to meet the ends of justice, hearing in the matter was fixed for December 11, 2024 which was attended by Mr. Abdul Hanan- Corporate Consultant, as the Authorized Representative of the Respondent (the "AR"). During the course of hearing, the AR reiterated the written submission made earlier vide letter dated November 28, 2024 and stated that the default occurred due to understanding and interpretation of the requirements of law. However, prescribed Forms have now been filed, therefore requested to condone the same and take a leniency in the matter.

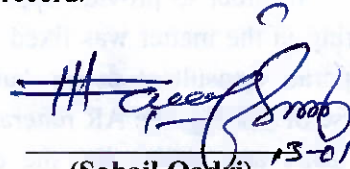
7. I have reviewed the facts of the case and also considered the written and verbal submissions made by the Respondent through the AR. At this juncture, it is important to discuss the following legal and factual elements:

- (i) In terms of Section 101 of the Act read with Regulation 3(1) of the Regulations and Section 103 of the Act read with Regulation 3(4) of the Regulations, the Respondent was required to file the statement of BO on the prescribed Forms i.e. Form 1 to the Company and Forms 5 with the Commission, within seven (07) days of becoming executive officer including the CEO of the Company. These forms are critical in disclosing the shareholding status of executive officers; thereby ensuring transparency, preventing conflicts of interest, mitigating risks of insider trading, and contributing to the integrity of the market. Accurate and timely disclosures enable investors to access crucial information for informed decision-making.
- (ii) Furthermore, the Clarification dated April 20, 2022, issued by the Pakistan Stock Exchange (PSX), widely available on the websites of the Commission and PSX, underscores the spirit of mandatory nature of these disclosures. It emphasizes the obligation of executive officers to file the requisite Forms, regardless of whether shares are held in their name or not.
- (iii) It is also pertinent to note misinterpreting or misunderstanding the provisions of law does not exempt the Respondent from statutory duty to fulfil the requirements of law. Under the principle of *ignorantia juris non excusat*, it is fully presumed that individuals, particularly those in key positions such as executive officers, are aware of their statutory obligations and are vigilant about the same. The requirement to file Forms 1 and 5 within the prescribed timeline is a legal duty, however, the Respondent by filing Form 1 and Form 5 with a substantial delay of 1637 and 1646 days i.e. on October 01, 2024 and October 10, 2024 has contravened the requirements of the provisions of the Act and Regulations.

8. In view of the foregoing, non-compliances/contraventions of Section 101 of the Act read with Regulation 3(1) of the Regulations and Section 103 of the Act read with Regulation 3(4) of the Regulations have been established beyond doubt which attracts a penal action in terms of Section 106(2)(a) of the Act. I have also given due attention to the grounds presented by the AR to the said non-compliance, however, none of the ground seems to justify the non-adherence with the provisions of law. I, therefore, hereby, in terms of powers conferred under Section 106(2)(a) of the Act read with S.R.O.1545(I)/2019 dated December 06, 2019, impose a penalty of **Rs.5,000/- (Rupees Five Thousand only)** on the Respondent on account of established default. Further, the Respondent is also advised to ensure meticulous compliance with the applicable legal and regulatory framework in the future.

  
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9. The Respondent is 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.

  
(Sohail Qadri) 13-01-2025  
Director / Head of Department  
Adjudication Department-I

**Announced:**  
January 13, 2025  
Islamabad