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SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department-I

Adjudication Division

ORDER	
Name of the Company:	Ahmad Hassan Textile Mills Limited
Name of Respondent(s):	i. Mr. Mian Muhammad Javed, Director; ii. Mr. Muhammad Haris, Director; iii. Mrs. Salma Javed, Director; iv. Mrs. Bushra Ali, Director; v. Mr. Haseeb Haris Mughal, Director; and vi. Mr. Nazir Ahmad Khan
Show Cause Notice No. & Date:	No. 2(461) SMD/Adj-1/2024-38 dated August 02, 2024
Date(s) of Hearing(s):	December 19, 2024
Case represented by:	Mr. Muhammad Nafees Ahmad Rahi (the Representative)
Provision of law involved:	Under Sections 103 and 106 of the Securities Act, 2015 read with Regulation 3(4) of the Reporting and Disclosure (of Shareholding by Directors, Executive Officers and Substantial Shareholders in Listed Companies) Regulations, 2015

This Order shall dispose of the proceedings initiated against Directors of Ahmad Textile Mills Limited (**the Company**) through Show Cause Notice No. 2(461)SMD/Adj-1/2024-38 dated August 02, 2024 (SCN) issued under Section 106 of the Securities Act, 2015 (**the Act**) on account of alleged contraventions of Section 103 of the Act read with regulation 3(4) of the Reporting and Disclosure (of Shareholding by Directors, Executive Officers and Substantial Shareholders in Listed Companies) Regulations, 2015 (**the Regulations**).

2. In terms of Section 103 of the Act read with regulation 3(4) of the Regulations, every director, executive officer or substantial shareholder of a listed company shall report his beneficial ownership through filing of Form 5 with the Commission, within seven (7) days of becoming the beneficial owner of the Company and Form 6 within seven (7) of any subsequent change in their shareholding. Any contravention of Section 103 of the Act read with Regulation 3(4) of the Regulations attracts penal provisions contained in Section 106 of the Act. The relevant provisions of the law are reproduced as under:

Section 103 of the Act:

"103 - Notification to the Commission of directors and others' interest

(1) Every director, executive officer or substantial shareholder of a listed company shall submit to the Commission in the prescribed form -

(a) a statement of beneficial ownership in the listed equity securities of the company or any other nature of securities as may be prescribed by the Commission;

(b) the particulars of any change in the interest aforesaid; and

(c) any change in his position.

(2) The reporting requirement imposed by sub-sections (1) shall be fulfilled before the expiration of a period of seven days beginning with the day on which the requirement first arises."

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Regulation 3(4) of the Regulations:

"3 – Reporting of Beneficial ownership in listed equity securities under Section 101 to Section 103 of the Act ...

(4) The directors, executive officers and substantial shareholders of the equity securities in a listed company shall in accordance with section 103 of the Act submit statement of Beneficial ownership in Form 5 and report any subsequent change therein or position to the Commission on Form 6."

Section 106 of the Act:

106. Directive by the Commission.—(1) ...

(2) where any person who contravenes or fails to comply with any provision of sections 101, 102, 103, 104, 105 and 107, the Commission may by order in writing direct,—

(a) in the case of an individual, to pay by way of penalty to the Commission such sum which may extend to five hundred thousand rupees and to a further sum which may extend to one thousand rupees per day for every day during which the default continues;"

3. Brief facts of the case are that the following individuals (herein after Collectively referred to as **the Respondents**) were elected as Directors of the Company on October 28, 2023.

S.No.	Name(s)	Status
1.	Mr. Mian Muhammad Javed	Director
2.	Mr. Muhammad Haris	Director
3.	Mrs. Salma Javed	Director
4.	Mrs. Bushra Ali	Director
5.	Mr. Haseeb Haris Mughal	Director
6.	Mr. Nazir Ahmad Khan	Director

4. In terms of Section 103 of the Act read with regulation 3(4) of the Regulations, the Respondents were required to file Form 5 with the Commission within 7 days of becoming the director of the Company. However, the record available with the Commission transpired that no compliance was made by any of the afore-mentioned Respondents.

5. In order to probe the matter, the Commission vide letter dated December 14, 2023 sought explanation from the Respondents with respect to their alleged failure to file Form 5. The Company on behalf of the Respondents vide letter dated December 21, 2023 submitted its reply along with filing of Form 4. However, no response was furnished to the Commission in respect of filing of Form 5 by the Respondent in given time.

6. In view of the above, the Respondents, *prima facie*, violated the provision of Section 103 of the Act read with regulation 3(4) of the Regulations. Accordingly, the Commission, while taking cognizance of the aforementioned non-compliance, served SCN upon the Respondents to show the cause in writing as to why a penal action may not be taken against

Order in the matter of Board of Directors of M/s. Ahmad Hassan Textile Mills Limited dated 15th of May, 2025

them for non-compliance of the mandatory requirements of the Act and the Regulations.

7. In response to SCN, the Company Secretary, on behalf of the Respondents, vide letter dated August 12, 2024, *inter alia*, submitted:

- "... the Company filed Form-5 of all directors attached with Form-4. Earlier to this action, the Company also filed separate Form 5 on behalf of all directors which were rejected/ refused by SECP.
- Due to execution of payment of dividend and other statutory compliances, inadvertent mistake for non-filing of Form-5 was made which should be condoned by taking lenient view. We appreciate the new e-filing system Ezfile in which alerts for the required pending tasks pop-up automatically..."

8. In order to provide the Respondents an opportunity of personal representation, a hearing in the matter was fixed on September 02, 2024. However, the hearing was adjourned to a later date by the Adjudicating Officer. In order to meet the ends of justice another hearing opportunity was provided to the Respondents on December 19, 2024 on which date Mr. Muhammad Nafees Ahmad Rahi, Company Secretary appeared as a Representative (**the "Representative"**) on behalf of the Respondents. However, it is important to observe that the Representative failed to submit a letter of authority (i.e. Authorization Instrument) in respect of the hearing proceedings even after multiple reminders vide emails dated September 02, 2024, February 27, 2025, March 11, 2025 and April 28, 2025. In order to conclude the proceedings in a bona fide manner, the pleadings presented by the Representative are duly addressed in this Order despite his infructuous locus standi.

9. The Representative reiterated the written argument submitted earlier in response to SCN and admitted the oversight in filing of Forms 5. Moreover, the Representative submitted that inadvertent mistake was made in filing of Form 5 due to which it was rejected by the Commission. However, the same been filed in January, 2024 and acknowledgment received in this respect shall be provided as documentary evidence after the hearing. The Representative added that the delay should be condoned by taking a lenient view in the matter.

10. I have gone through the facts of the case and considered the submissions of the Respondents and the Representative, both written and verbal, in light of the applicable provisions of the law and observed that the Respondents were required to file their returns of beneficial ownership on Forms 5 with the Commission, within seven (07) days of becoming director of the Company as required under Section 103 of the Act read with regulation 3(4) of the Regulations i.e. by November 05, 2023, without any exception available in the law; which the Respondents failed to do. The arguments put forth by the Representative in respect of inadvertent mistake made during the submission of Forms 5 which resulted in rejection of the same are not cogent. Under the principle of *ignorantia juris non excusat*, it is understood that individuals, particularly those in key positions such as executive officers and directors are aware of their statutory obligations and are vigilant about the same. As per the record available with the Commission, the Respondents have not filed their respective Forms 5 even till the date of this Order i.e. despite substantial time lapsed and no evidence was provided with respect to filing of Form 5.

11. In view of the foregoing, the contravention of Section 103 of the Act read with Regulation 3(4) of the Regulations has 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 Representative, however, none of the ground justifies the non-adherence with the provisions of law. I, therefore, 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, hereby, impose an aggregate penalty of **Rs.120,000/- (Rupees One Hundred and Twenty Thousand only)** on the Respondents on account of established violation in the following manner:

S. No.	Name of Director(s)	Amount of Penalty Imposed (Rs.)
1.	Mr. Mian Muhammad Javed, Director	20,000
2.	Mr. Muhammad Haris, Director	20,000
3.	Mrs. Salma Javed, Director	20,000
4.	Mrs. Bushra Ali, Director	20,000
5.	Mr. Haseeb Haris Mughal, Director	20,000
6.	Mr. Nazir Ahmad Khan, Director	20,000
Total		120,000

12. Furthermore, the Respondents are advised to file the requisite form 5 as required under Section 103 of the Act read with Regulation 3(4) of the Regulations, **within 15 days of the date of this Order.**

13. The Respondents are, hereby 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 162 of the Act will be initiated for recovery of the penalty/fines as arrears of land revenue pursuant to provision of Section 42B of the Securities and Exchange Commission of Pakistan Act, 1997.


 15-05-2025
 (Sohail Qadri)
 Director / Head of Department
 Adjudication Department-I

Announced:
 May 15, 2025
 Islamabad