



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department-I Adjudication Division

Say No to Corruption

Before

Mr. Shahzad Afzal Khan, Director/Head of Department (Adjudication-I)

In the matter of

Elahi Noor Enterprises (Private) Limited

Number and date of Show Cause Notice (SCN)	2(340)SMD/Adj-1/2022-625 Dated April 14, 2022
Date(s) of Hearing:	May 09, 2022, June 21, 2022, September 12, 2022, November 10, 2022, March 30, 2023 and May 04, 2023
Present at the Hearings:	i) Mr. Tanveer Ahmed (Authorized Representative)

ORDER

UNDER SECTION 106 OF THE SECURITIES ACT, 2015

This Order shall dispose of the proceedings initiated against Elahi Noor Enterprises (Private) Limited (**the Respondent**) through Show Cause Notice No. 2(340)SMD/Adj-1/2022-625 dated April 14, 2022 (**the SCN**) issued under Section 106 of the Securities Act, 2015 (**the Act**) read with Section 103 of the Act and regulation 3(4) of the Reporting and Disclosure of (Shareholding by Directors, Executive Directors and Substantial Shareholders in Listed Companies) Regulations, 2015 (**the Regulations**).

2. Upon examination of the record available with the Securities and Exchange Commission of Pakistan (**the Commission**) it transpired that as per the pattern of shareholding of the Crescent Star Insurance Limited (**the Company**) for the year 2014 onwards, the Respondent holds more than 10% shares in the Company. The Company is a public listed company and its shares are listed on Pakistan Stock Exchange (PSX). The shareholding of the Respondent in the Company subsequent to 2014 is detailed as under:

Name	2014	2015	2016
Elahi Noor Enterprises (Pvt.) Limited	11,707,770 (18.8%)	11,707,770 (18.8%)	10,707,770 (12.95%)

3. Pursuant to Section 103 of the Act read with regulation 3(4) of the Regulations, every director, executive officer and **substantial shareholder** of a listed company is required to submit to the Commission on the prescribed form statement of the beneficial ownership (BO) in the listed equity securities of the Company or any other nature of securities within seven days of becoming the substantial shareholder or director, executive officer of the Company. However, no such compliance was made by the Respondent for the aforesaid years.

4. 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:-





SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department-I Adjudication Division

- (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."

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."

5. The relevant department of the Commission vide letter dated November 25, 2021 advised the Respondent to submit their response within five days of the date of the letter. In response to the aforesaid letter, the Respondent vide letter dated December 31, 2021 filed Form 5 dated December 30, 2021 and December 31, 2021 for the year 2015 and 2016. Moreover, the Respondent on December 30, 2021, also filed Form 6 for the following purchase and sale transactions executed in the year 2016 i.e. after a considerable delay of almost five years :-

Transaction Date	Nature of Transaction	Rate per share	No. of shares
29 January, 2016	Purchase	9.00	20,500
02 December, 2016	Sale	10.17	1,020,500

6. It was further transpired that the Respondent has neither filed BO returns for the year 2014 nor submitted any fee challan along with the aforesaid returns for the year 2015 and 2016.

7. From the above, the Respondent, *prima facie*, has violated Section 103 of the Act read with regulation 3(4) of the Regulations which attracts applicability of the penal provision of Section 106(2)(a) of the Act. Accordingly, the Commission while taking cognizance of the aforementioned non-compliance served upon the Respondent, the SCN requiring him to submit its written reply within 14 days of the date of the SCN. However, the Respondent did not submit any written response.

8. In order to provide an opportunity of personal representation to the Respondent, hearings were fixed on the following dates:

Hearing Date	Status
May 09, 2022	No one appeared
June 21, 2022	No one appeared
September 12, 2022	No one appeared
November 10, 2022	No one appeared
March 30, 2023	No one appeared



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department-I Adjudication Division

9. Thereafter, a final hearing opportunity was fixed for May 04, 2023 wherein Mr. Tanveer Ahmed, Authorized Representative, appeared before the undersigned on behalf of the Respondent. The Representative admitted the violation of the requirements of the Act and the Regulations on part of the Respondent. However, the subsequent filing of the forms has been made by the Respondent and he requested to take a lenient view.

10. The disclosure of beneficial ownership in listed companies holds significant value for various reasons. Firstly, it promotes transparency and accountability by revealing the true owners or controllers of a company, allowing stakeholders to understand the ownership structure and identify any potential conflicts of interest. Secondly, it aids in combating illicit activities such as money laundering and terrorist financing by exposing the actual owners of assets, making it harder to hide involvement in illegal activities. Thirdly, disclosure of beneficial ownership enhances corporate governance practices by enabling assessment of the influence and conflicts of interest of significant shareholders. This information ensures fair treatment of shareholders and influences decision-making processes. Fourthly, increased transparency through beneficial ownership disclosure boosts investor confidence. Investors can make informed decisions based on ownership information, assessing risks and attracting responsible investors. Lastly, understanding beneficial ownership contributes to financial stability by evaluating the concentration of ownership and potential systemic risks associated with certain shareholders, preventing excessive control or undue influence in the financial system. Overall, disclosure of beneficial ownership plays a crucial role in promoting transparency, combating financial crimes, improving corporate governance, fostering investor confidence, and maintaining financial stability.

11. In view of the foregoing and the verbal submission made by the Respondent, non-compliance/ contravention of the provisions Section 103 of the Act read with regulation 3(4) of the Regulations has been established and same has also been admitted by the Respondent. Therefore, in exercise of the power conferred upon me under Section 106(2)(a) of the Act, I hereby impose a penalty of **Rs. 25,000/- (Pak Rupees Twenty-Five Thousand Only)**.

12. The Respondent is directed to deposit the aforesaid penalty in the account of the Commission being maintained with the designated branches of MCB Bank Limited, within a period of thirty (30) days of the announcement of this Order, and furnish original Deposit Challan to this office.

13. This Order is issued without prejudice to any other action that the Commission may initiate against the Respondent in accordance with the law(s) on matter subsequently investigated or otherwise brought to the knowledge of the Commission.



(Shahzad Afzal Khan)
Director\ Head of Department
(Adjudication Department-I)

Announced:
May 15, 2023
Islamabad