



# Securities and Exchange Commission of Pakistan

## BEFORE THE APPELLATE BENCH

In the matter of

### Appeal No. 40 of 2023

Ms. Samar Shahid (Director, Tata Textile Mills Limited)

...Appellant

versus

Head of Department (Adjudication-I), SECP

...Respondent

Date of hearing:

March 18, 2026

### Present:

For the Appellant:

Mr. Muhammad Hussain Rasheed, Company Secretary

For the Respondent:

1. Mr. Sohail Qadri, HOD/Director, Adjudication-I, SECP.
2. Mr. Muhammad Faisal, Deputy Director, Adjudication Department-I, SECP.

## ORDER

1. This Order shall dispose of Appeal No. 40 of 2023 filed by Ms. Samar Shahid (the Appellant); a director of Tata Textile Mills Limited, against the Order dated May 28, 2022 (Impugned Order) passed by the Head of Department, Adjudication-I (Respondent) under Sections 103, 106 of the Securities Act, 2015 (Act) and Regulation 3(4) of the Reporting and Disclosure of



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Shareholding by Directors, Executive Officers and Substantial Shareholders in Listed Companies) Regulations, 2015 (Regulations).

2. The brief facts of the case are that the Appellant was appointed as a Director/Chairman of Tata Textile Mills Limited (Company) on October 26, 2020. However, in violation of the requirements of Section 103 of the Act and Regulation 3(4) of the Regulations, Ms. Shahid failed to file Form 5 (the Return containing particulars of beneficial ownership of listed securities) and Form 6 (the Return containing particulars of change in beneficial ownership of listed securities) with the Securities and Exchange Commission of Pakistan (the Commission) within seven days of the appointment. The Appellant did file the Forms 5 and 6 subsequently, but with a delay of 48 and 60 days, respectively.
3. In view thereof, the Respondent issued the show-cause notice dated February 18, 2022 (the SCN) to the Appellant. The Appellant responded to the SCN vide letter dated February 23, 2022, and stated that the delay in filing the requisite forms was an inadvertent act and the same were filed after the Commission's direction dated November 23, 2021. Hearing in the matter was held on May 23, 2022. The Respondent concluded the SCN proceedings and, due to established violations mentioned in paragraph 2 supra, imposed a penalty of Rs. 50,000/- (Rupees fifty thousand only) under Section 106(2)(a) of the Act.
4. The Appellant filed this Appeal *inter alia* on the grounds that she aptly complied with the direction dated November 23, 2021 and filed Forms 5 and 6; however, the Respondent failed to consider that there has been no deliberate delay and or avoidance in filing such forms. Moreover, the Impugned Order suffers from misreading of documents and evidence brought forth by the Appellant, categorically the fact that the Appellant has been in constant communication with the Commission to update it on the compliance. Furthermore, the Respondent has mechanically applied the provisions of the Act without appreciating and considering the particular facts and circumstances of the case. In view thereof, the Appellant prayed to *set aside* the Impugned Order.

Appellate Bench

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5. The Respondent rebutted the grounds of Appeal and arguments put forth by the Appellant's representative. The Respondent stated that the Appellant has not complied with the mandatory requirements of Section 103 of the Act and Regulation 3(4) of the Regulations and failed to file Forms 5 and 6 within seven days as prescribed, and subsequent compliance was made with a delay of 48 and 60 days, respectively. The Respondent pleaded that it is a case of established and admitted violation; therefore, subsequent compliance may not be accepted as an argument to undo the default, and under the circumstances, the Appeal should be dismissed.
6. The Appellate Bench (the Bench) has heard the parties and perused the record with the able assistance of the parties' representatives. It is an undisputed fact that the Appellant was required to file Form 5 upon acquiring the shareholding in the Company and thereafter, it was also required to file Form 6 due to a change in his shareholding; however, she failed to comply with the requirements of Section 103 of the Act and Regulation 3(4) of the Regulations. The Bench accedes with the Respondent's argument that subsequent compliance may not be treated as a ground to undo the default, however, the Bench cannot ignore varying facts of the case whereby the compliance was made in pursuance of the direction. It has also been noted that the Appellant complied with the requirements of Section 103 of the Act and Regulation 3(4) of the Regulations before the issuance of the SCN, for which leniency should have been considered.
7. In the instant Appeal, this Bench is of the considered view that regulatory enforcement must remain firmly grounded in the settled principles of administrative law, whereby adherence to statutory and regulatory obligations is to be facilitated and not subjected to penal consequences in circumstances where compliance has already been duly achieved. As per the Doctrine of Proportionality, the Commission, as a regulatory authority, must ensure that its actions are proportionate to the nature and gravity of the breach. Where non-compliance has already been rectified, invoking coercive powers such as penalties may be exercised in a



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compassionate manner. Moreover, as per the Principle of Regulatory Purpose in modern regulatory regimes, particularly in corporate and financial regulation, they are compliance-oriented rather than purely punitive. It will also meet the requirements of the doctrines of legitimate expectation and equity.

8. In view of the foregoing, this Bench finds that a regulator acting in consonance with the Rule of Law ought to promote and incentivize compliance rather than initiate penal proceedings in cases where compliance has already been effected. Furthermore, this Bench notes that in Appeal No. 39 of 2023, involving substantially similar facts, a co-equal Appellate Bench has *set aside* the impugned order; the said determination, though not binding, carries persuasive value and lends further support to the conclusions arrived at herein.
9. In view of the foregoing, the instant Appeal is admitted and allowed; accordingly, the Impugned Order and SCN are *set aside* without any order as to cost.
10. Any person or party aggrieved by this Order may, within sixty (60) days from the date hereof, prefer an Appeal under Section 34 of the SECP Act, 1997 before the competent forum, strictly in accordance with law. Accordingly, the Appeal stands disposed of in the above terms with no order as to costs.

(Imtiaz Haider)  
Commissioner

  
(Zeeshan Rehman Khattak)  
Commissioner

Announced on:

**30 MAR 2026**