



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department-I

Adjudication Division

| ORDER | |
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| Name of Company: | M/s Sitara Energy Limited |
| Show Cause Notice No. & Date: | CD/ARN/585/2019-494 dated May 22, 2025 |
| Name(s) of Noticee(s): | (i) Ms. Noureen Javed, Chairperson; (ii) Mr. Javed Iqbal, Director/ CEO; (iii) Mr. Shahid Hameed Shaikh, Director; (iv) Mr. Tahir Ibraheem, Director; (v) Mr. Sheikh Javaid Islam, Director; (vi) Mr. Mubashir Ahmed Zareen, Director; and (vii) Ms. Haniah Javed, Director. |
| Date(s) of Hearing(s): | (i) June 18, 2025; and (ii) June 19, 2025. |
| Case represented by: | Mr. Rashid Sadiq (CEO/ Managing Partner – RS Corporate Advisory). As the Authorized Representatives |
| Provision of law involved: | Circular No. 10 of 2024 dated April 17, 2024 read with Section 510 of the Companies Act, 2017 |
| Date of Order: | June 27, 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/585/2025-494 dated May 22, 2025 (“SCN”) against Board of Directors (“BoD”) of M/s Sitara Energy Limited (the “Company”), hereinafter collectively referred to as the “Noticee(s)”, for contravention of the requirements of Circular No. 10 of 2024 dated April 17, 2024 (the “Circular”) read with Section 510 of the Companies Act, 2017 (the “Act”).

2. The Commission vide the above referred Circular, directed the BoDs of the listed companies to prepare and include, in the annual reports for the financial years ending on or after June 30, 2024, a statement on gender pay gap and also make it available on their respective website; where the violation of the Circular attracts penal action in terms of sub-section (2) of Section 510 of the Act. The relevant provisions of the Act are hereunder:

“510. Power to issue directives, circulars, guidelines.—(1) The Commission may issue such directives, prudential requirements, codes, guidelines, circulars or notifications as are necessary to carry out the purposes of this Act and the rules and regulations made under this Act.

(2) Any person, who obstructs or contravenes or does not comply with any directive, prudential requirements, codes, circulars or notifications, given under this section shall be liable to a penalty of level 3 on the standard scale.”

3. The review of the Annual Report of the Company for the year ended June 30, 2024 revealed that it has failed to include gender pay-gap disclosure in the same and has also failed to make the statement available on the Company’s website as per requirement of the Circular. In order to probe the matter, the Commission vide letter dated January 08, 2025 sought clarification from the Company with regards to the aforesaid non-compliances, for which the Company in its response through letter dated February 04, 2025, *inter-alia*, submitted that *the Circular was issued on April 17, 2024 and the disclosures shall be provided in the current financial year.*

4. Taking cognizance of the alleged violation of law, SCN was served upon the Noticee(s) on May 22, 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 the Circular. However no response to the SCN was submitted by the Noticee(s) within the stipulated time.

5. In order to provide an opportunity of being heard to the Noticee(s), hearing in the matter was fixed for June 18, 2025; which was adjourned on the request by Mr. Rashid Sadiq acting as the “Authorized

Representative on behalf of all the Noticee(s) and was rescheduled for June 19, 2025 when the Authorized Representative appeared and, *inter-alia*, stated that:

- (i) *First circular on the instant matter was issued on March 12, 2021 and the subject circular was issued on April 17, 2024. Accordingly adequate time was not available for compliance in respect of financial statement for FY 2024;*
- (ii) *Purely on the jurisdictional argument, the term Annual Report is not defined in the Act and the provisions of Section 510 provides powers to the Commission to issue such directives which are necessary for the purposes of the Act. Moreover, an effective dissemination to public and regulatees can be achieved by publishing the circulars;*
- (iii) *The Company has already taken corrective measures by placing the required disclosure on its website; and*
- (iv) *Violation was inadvertent and the Company will ensure compliance with the requirements in future years hence a lenient view is requested.*

6. Subsequently, the Authorized Representative vide letter dated June 26, 2025 submitted written reply reiterating the submissions made during the hearing and, *inter-alia*, stated that:

- (i) *The requirement to include gender pay gap statement in their "annual reports". It is customary to treat audited financial statements and reports/ information attached thereto as "annual report" however this interpretation is not prescribed by law;*
- (ii) *It is not clear how the gender pay gap disclosure aligns with the objective of Section 510 of the Act, which permits issuance of directives only to carry out the purposes of the Act and the Circular introduced obligations not contemplated by the Act, therefore, appears to exceed the mandate of the Commission. It is settled principle through various judgements of Higher Courts that subordinate legislation cannot expand the scope of primary legislation;*
- (iii) *The Circular does not clarify that it was issued with formal approval of the Commission or through a valid delegation of authority in place under the Act, therefore, the Circular lacks requisite legal authority and cannot be treated as a valid or binding instrument; and*
- (iv) *The Company has already published the statement of gender pay gap on its website, in line with the directions of the Circular.*

7. I have gone through the Circular, relevant provisions of Section 510 the Act and considered the facts of the case, as well as verbal submissions made by the Noticee(s) through the Authorized Representative. It is important to observe here that the gender pay gap is a persistent issue that requires ongoing attention from organizations, businesses and society as a whole. In simple terms, the gender pay gap is the difference in average gross hourly earnings between women and men, who are employed for similar job roles in any organization where disclosure of such information and becoming sensitized on the issue is part of an overall effort to inculcate fairness and environment of equal opportunities.

8. It is imperative to observe here that the issuance of the first circular in March 2021 gave regulated entities an early and clear indication of the regulatory direction regarding gender pay transparency and required them to formulate a gender diversity policy along with gender pay gap analysis. However, the Circular, rather than being a sudden imposition, is built upon the available framework given through earlier circular, therefore the Company had over three years to understand and prepare for gender pay disclosures. It is also noted that it is the responsibility of the Noticee(s) being directors of a listed company to monitor evolving regulatory framework and act proactively especially where the Circular has clearly prescribed the compliance time period. Furthermore it is pertinent to observe that the annual report of the Company was approved in annual general meeting held on October 28, 2024 i.e. almost six months after the issuance of the Circular hence there was sufficient lead time between the directive and the publication of the annual report.

9. It is observed that even if the Act does not define the term "Annual Report," its meaning is well-settled and understood in corporate practice and regulatory reporting and accordingly the lack of a statutory definition does not absolve the Noticee(s) from complying with the explicit and clear requirements prescribed through the Circular. Moreover Section 510 of the Act gives the Commission powers to issue directives necessary for fulfilling the Act's purposes, and such directives, including circulars, are binding on all the regulated entities. Accordingly the circulars, once issued and uploaded/ notified as per Commission's practice, are considered effectively promulgated with due dissemination.

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10. It is noted that the argument of the Authorized Representative relating to earlier judgements of the superior Courts is not tenable on the basis of the recent judgement of the Honorable Islamabad High Court in the case of PKP Exploration Limited vs Federal Board of Revenue (PTD 2021, 1644), which held that decisions of quasi-judicial forums in one case are not binding for other similar cases before such tribunal. Relevant abstract of the judgement is reproduced below:

*"13..... Given that it is an adjudicatory forum of a quasi-judicial nature established by statute, it is vested with no inherent power. The consequences of the decision of the Tribunal are limited to the case it decides and do not travel beyond the four corners of the subject-matter before it in appeal. In other words, neither the Constitution nor any statute envisages a law-declaring function for the Tribunal. **Its decision do not become binding precedents.** The reasoning of the Tribunal in one case could be treated by tax authorities as a persuasive precedent in a subsequent case where the subject-matter is the same or similar. But the persuasive quality or cogent reasoning of a decision of the Tribunal does not transform it into a legally binding precedent for officials exercising executive or adjudicatory authority under tax, statutes, just as the most compelling and potent decisions of District Courts do not make such decisions binding precedents."*

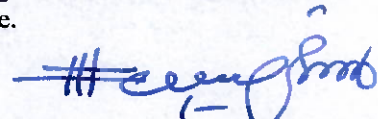
It is evident from the aforesaid that the precedents may be considered as reference but are not binding and accordingly each case is to be decided on its own merits and circumstances.

11. It is further observed that the contention of the Authorized Representative on the issuance of Circular under delegated powers is not justifiable on the grounds that Section 10 of the SECP Act 1997 provides for the delegation of the Commission's functions or powers and empowers that the Commission may delegate any of its powers to any of its officer. For ease of reference, the said Section 10 of the SECP Act is reproduced as under:

"10. Delegation of the Commission's functions or powers.- (1) The Commission may, subject to such conditions and limitations as it may deem fit to impose, delegate any of its functions or powers under this Act or any administered legislation to one or more Commissioners or any officer of the Commission. (2) A delegation under this section shall not prevent the concurrent performance or exercise by the Commission of the functions or powers so delegated."

The aforesaid provision leaves, imposing of any condition or limitation on the delegation of its powers solely at the discretion of the Commission. The use of word, "may" has been considered in the case (2004 PTD SC 2187 Abu Bakar Siddique and others vs Collector of Customs, Lahore and others) where it was stated that: *"it is well settled that the use of the word, 'may' is discretionary, an enabling word... the use of the word, 'may', in the statute in the plain meaning is to give discretion to the public authorities to act in their opinion in the manner in which such authorities deem proper."* Accordingly, delegation of powers pursuant to Section 10 is not contrary to the scheme of the SECP Act 1997 rather is the enabling provision which empowers the Commission to delegate its powers and structure the use of such powers.

12. In light of the foregoing, the subsequent partial compliance achieved by the Company by placing the disclosure on its website and the assurance of the Authorized Representative of taking up the matter in the next BoD meeting; the Company has shown a positive approach in respect of realizing the importance of gender pay-gap. Moreover, I have also considered the assurance provided by the Authorized Representative on behalf of the Noticee(s) for exercising greater vigilance in adhering to the legal/ regulatory requirements in future. I, therefore, in exercise of powers conferred upon me under Section 510(2) of the Act read with S.R.O. 1545(I)/2019 dated December 6, 2019, hereby conclude the instant proceedings with a **strict Advice** to the Noticee(s) to ensure meticulous compliance with all applicable laws in the future.


Sohail Qadri 27-06-2025
Director/ HOD
Adjudication Department-I

Announced:
Dated: June 27, 2025
Islamabad

