



Securities and Exchange Commission of Pakistan

BEFORE THE APPELLATE BENCH

In the matter of

Appeal No. 39 of 2023

Mazhar Valjee (Director, Tata Textile Mills Limited)

...Appellant

Versus

Head of Department (Adjudication-I), SECP

...Respondent

Date of hearing:

January 29, 2026

Present:

For the Appellant:

Mr. Muhammad Hussain Rasheed, Company Secretary

For the Respondent:

1. Mr. Mubasher Saeed Saddozai, Executive Director, Adjudication Division, SECP
2. Mr. Sohail Qadri, HOD/Director, Adjudication-I, SECP
3. Ms. Maheen Najmi, Assistant Director, Adjudication-I, SECP

ORDER

1. This Order shall dispose of Appeal No. 39 of 2023 filed by Mr. Mazhar Valjee (the Appellant); a director of Tata Textile Mills Limited, against the Order dated May 17, 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 (Shareholding by Directors, Executive Officers and Substantial Shareholders in Listed Companies) Regulations, 2015 (Regulations).



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2. The brief facts of the case are that the Appellant was appointed as a director and 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 he 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. Subsequently, with a delay of 63 and 57 days, the Appellant filed Forms 5 and 6, 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 22, 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 April 29, 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 he aptly complied with the direction dated November 23, 2021, and filed Forms 5 and 6; however, the Respondent has 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.
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



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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 63 and 57 days, respectively. This is a case of established and admitted violation; therefore, subsequent compliance may not be pleaded to undo the prior default. In 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, he 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 prior default; however, this principle is not applicable in this case due to its varying facts. It has been noted that the Appellant complied with the requirements of Section 103 of the Act and Regulation 3(4) of the Regulations prior to the issuance of the SCN for which leniency should have been considered.

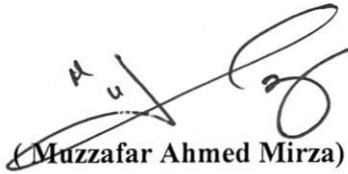
7. In the present appeal, the Bench is persuaded that regulatory enforcement must be anchored in sound administrative law principles, whereby compliance with statutory and regulatory obligations is to be encouraged and not penalized. It is a well-recognized theory of administrative law that a regulatory authority's coercive powers ought not to be exercised where the subject matter of non-compliance has already been rectified before initiation of formal proceedings; to do otherwise would amount to an unwarranted exercise of power and run counter to the doctrine of legitimate expectation and equity. The Appellant fulfilled the requirements of Section 103 of the SECP Act and Regulation 3(4) of the Regulations before the issuance of the SCN, and therefore, taking of cognizance by the Respondent was *ipso facto* unwarranted. The Bench's view is also consonant with the legal maxim *lex non cogit ad vana* (the law does not compel the doing of a vain thing). In the circumstances, issuance of the SCN was not required and a regulator committed to the Rule of Law ought to encourage



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compliance rather than initiation of penal proceedings where compliance has already been made.

8. In view of the foregoing, the instant Appeal is admitted; accordingly, the Impugned Order and SCN are *set aside* without any order as to cost.


(Muzzafar Ahmed Mirza)

Commissioner


(Zeeshan Rehman Khattak)

Commissioner

Announced on: **06 FEB 2026**