



Securities and Exchange Commission of Pakistan

BEFORE THE APPELLATE BENCH

In the matter of

Appeal No. 67 of 2020

M/s. Punjab Mineral Company (Private) Limited

Appellant

Versus

Executive Director/HOD, Adjudication-II SECP, Islamabad

Respondent

Dates of hearing:

October 14, 2021

March 30, 2023

Present:

For the Appellant:

Mr. Imran Bashir, FCA of M/s. Rizwan & Company, Chartered Accountants

For the Respondent:

1. Mr. Muhammad Farooq Bhatti, Additional Director (Adjudication-II)
2. Mr. Hassnain Raza, Management Executive (Adjudication-II)

ORDER

1. This Order shall dispose of Appeal No. 67 of 2020 filed by M/s. Punjab Mineral Company (Private) Limited (the Appellant) against the Order dated April 20, 2020 (Impugned Order) passed by the Executive Director/HOD, Adjudication-II, SECP (Respondent) for violations of the Public Sector Companies (Corporate Governance) Rules, 2013 (the Rules) read with section 508(2) of the Companies Act, 2017 (Act).
2. The brief facts of the case are that the Appellant is a public sector company and was required to file the statement of compliance (SOC) for the year ended June 30, 2018, however, it failed to comply



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with the requirement of Rule 24(1) of the Rules. In view of the violation, the Respondent issued a show-cause notice dated November 29, 2019 (the SCN) to the Appellant. The Appellant submitted a written reply to the SCN vide letter dated December 9, 2019, and hearing in the matter was held on February 19, 2020. The Respondent concluded the SCN proceedings and imposed a penalty of Rs. 175,000/- (Rupees one hundred and seventy-five thousand) on the Appellant.

3. The Appellant filed this Appeal *inter alia* on the grounds that as per Section 3 of the Act it comes under the provincial ambit, therefore, the Rules did not apply to the Appellant. However, the Appellant's representative apprised that since 2019, the Appellant is regularly filing requisite statements of compliance and, therefore, prayed for a lenient view.
4. The Respondent has rebutted the Appellant's grounds of appeal and stated that the Appellant has misinterpreted the scope and applicability of Section 3 of the Act because it was incorporated on May 7, 2009, without any license from the Provincial Government. The Appellant is a commercial entity and is empowered by its constitutive documents to carry out its functions across the country, hence, it is incorrect to suggest that its scope is limited to the Province of Punjab only. Even if it is presumed for a while that the Appellant was licensed by the Provincial Government in terms of section 3 of the Act (which is not the case), the Appellant is bound to comply with all the requirements of the Act and the rules and regulations framed thereunder. Since the Appellant is registered under the Act and falls under the definition of a Public Sector Company as defined in section 2(1)(54) read with the definition of "Government" in section 2(1)(36) of the Act, the Rules are applicable on it. The Respondent stated that the Appellant has filed SOC for the year ended June 30, 2019, and onwards, therefore, its stance regarding the non-applicability of Rules is self-contradictory.
5. The Appellate Bench (the Bench) has heard the parties and perused the record. The Bench endorses the argument of the Respondent that the Rules are applicable to public sector companies, hence, the Appellant was required to file the requisite SOC. The Bench is of the view that public sector companies are owned and controlled by the respective governments, therefore, these entities should have been more responsible to comply with all applicable requirements. Furthermore, the Appellant's representative admitted before the Bench that the Rules are applicable to the Appellant. The Bench has noted that subsequent to the initial non-compliance in year 2018, the Appellant is



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fully compliant with regard to the filing of SOCs since 2019, therefore, the Bench is inclined to take a lenient view in this case.

6. In view of the foregoing, we hereby convert the penalty imposed on the Appellant, into a warning and direct the Appellant to file the outstanding SOC for the year ended June 30, 2018, within three months of the passing date of this order. Accordingly, the appeal is disposed of, without any order as to cost.

(Abdul Rehman Warriach)

Commissioner

(Akif Saeed)

Chairman/Commissioner

Announced on:

11 APR 2023