



# Securities and Exchange Commission of Pakistan

## BEFORE THE APPELLATE BENCH

In the matter of

### Appeal Nos. 14, 15 and 35 of 2024

Security Papers Limited (Appeal No. 14 of 2024)  
National Investment Trust Limited (Appeal No. 15 of 2024)  
Punjab Provincial Cooperative Bank Limited (Appeal No. 35 of 2024)

.....Appellants

versus

Director/HOD Adjudication I, Islamabad

..... Respondent

### Dates of hearing:

April 25, 2024,  
May 30, 2024,  
August 8, 2024 and  
December 4, 2024

### Present:

#### For the Appellants:

1. Mr. Yasir Ali Qureshi, Company Secretary, (Appeal No. 14 of 2024)
2. Mr. Salman Mirza, Advocate, (Appeal No. 14 of 2024)
3. Mr. Ehsan Malik, Advocate, (Zoom Video Link, Appeal No. 14 of 2024)
4. Mr. Zeeshan Khan, Advocate High Court, (Appeal No. 15 of 2024)
5. Mr. Ossama Shahid Khawaja, Advocate High Court, (Appeal No. 35 of 2024)
6. Mr. Umar Qureshi (Zoom Video Link, Appeal No. 35 of 2024)

#### For the Respondent:

1. Mr. Shahzad Afzal Khan, HOD/Director, Adjudication-I, SECP
2. Mr. Sohail Qadri, HOD/Director, Adjudication-I, SECP
3. Mr. Mahboob Ahmed, Additional Director/Wing Head, Adjudication-I, SECP
4. Mr. Rizwan-ul-Haq, Additional Joint Director, Adjudication-I, SECP

## ORDER

1. This consolidated order shall dispose of the titled appeals filed by the parties against the Order dated January 26, 2024 (the Impugned Order) passed by the Director/HOD Adjudication Department-I (the Respondent) under Section 166 of the Companies Act (the Act), 2017 read with Section 169 thereof and



## Securities and Exchange Commission of Pakistan

Rules 3 and 4 of the Public Sector Companies (Corporate Governance) Rules, 2013 (the PSC Rules) read with Rule 25 thereof. Appeal Nos. 14 of 2024 and 15 of 2024 have been filed by Security Papers Limited (Appellant No. 1) and National Investment Trust Limited (Appellant No. 2) respectively, whereas, Appeal No. 35 of 2024 has been filed by Punjab Provincial Cooperative Bank Limited (Appellant No. 3) (all the appellants collectively referred to as “the Appellants”). The three Appeals were consolidated vide the Appellate Bench’s interim order dated July 24, 2024 (the Interim Order).

2. The brief facts of the case are that a complaint dated July 28, 2023 (the Complaint) was filed by Mr. Muhammad Rafiq (the Complainant), a shareholder of Appellant No. 1, wherein it was alleged that Appellant No.1 is a Public Sector Company (PSC) but it has not observed the requirements of the PSC Rules while appointing independent directors on its board of directors (the Board). It was further alleged that the independent directors appointed by Appellant No.1 do not fulfil the criteria of independence as per the definition provided under rule 2(d) of the PSC Rules. The Complainant also alleged that almost 62% shareholding of Appellant No.1 is directly or indirectly held by the Federal and Provincial Governments’ entities, therefore, it is liable to be defined as a PSC in terms of the definition of public sector companies provided under Section 2(54) of the Act and the PSC Rules. The Complainant apprised that Mr. Sualed Ahmed Faruqi, a civil servant and nominee of State Life Insurance Company (SLIC), has been appointed as an independent director on the Board in contravention of section 166(2)(h) of the Act which clearly states that a person employed in the service of Pakistan or a statutory body cannot be appointed as an independent director in a PSC. The Securities and Exchange Commission of Pakistan (the Commission) vide letter dated August 7, 2023 sought Appellant No.1’s comments on the Complaint. Appellant No.1 replied vide letter dated August 18, 2023 and stated that the sponsors i.e. Pakistan Security Printing Corporation (Pvt.) Limited (PSPCL), Industrial Development and Renovation Organization (IDRO) and Sumer Holding A.S. (SHAS) have a majority shareholding of 40%, 10% and 10%, respectively in Appellant No.1. The IDRO represent Iran whereas, SHAS represents Turkey. Appellant No.1 further stated that investments held by other institutions, which may be owned and controlled by the Federal or Provincial Government are portfolio investments, which are subject to change. Appellant No.1 submitted that it is not a PSC because its accounts have never been audited by the Auditor General of Pakistan. Appellant No. 1 also stated that the directors representing Punjab Provincial Cooperative Bank Limited (PPCBL), National Investment Trust (NIT) and SLIC are elected directors under Section 159 of the Act, therefore, the requirements of nominated directors enumerated under Section 165 of the Act are not applicable to such directors. The Commission noted that Mr. Munir

Appellate Bench



## Securities and Exchange Commission of Pakistan

Ahmad, a nominee of the PPCBL also does not meet the independence criteria required for public sector companies under Section 166(2)(h) of the Act. It was also observed by the Commission that in contravention of Rules 3(2) of the PSC Rules, Appellant No.1 failed to appoint at least one-third independent directors on its Board. The Commission noted that Appellant No.1, being a PSC, also failed to publish and circulate a statement of compliance along with its annual report and to file it with the Commission and the Registrar in terms of Rule 24(1) of the PSC Rules. The Commission has noted that as per the shareholding structure provided by Appellant No.1 vide letter dated August 18, 2023, as on June 30, 2022, 61.63% of the shareholding is directly or indirectly owned by the Federal and Provincial Governments' entities whereas, 20% of shareholding is vested in other sponsors' shareholders (IDRO, Iran and SHAS, Turkeye). The remaining 18.37% is owned by other shareholders.

3. In view thereof, a show-cause notice dated October 27, 2023 (the SCN) was served on Appellant No.1 and its Board for the aforesaid contraventions of Section 166 of the Act and Rules 3 and 24 of the Rules. Appellant No.1, Mr. Muhammad Haroon Rasheed, Chairman and Mr. Rauf Ahmed, Non-Executive Director submitted a written reply to the SCN vide a letter dated November 22, 2023. Mr. Naveed Ehtesham, Non-Executive Director also filed a written reply to the SCN vide letter dated December 22, 2023. The Respondent provided hearing opportunities on December 4, 2023 and January 11, 2024, wherein, Mr. Yasir Ali Qureshi, Company Secretary (CS) appeared before the Respondent and sought adjournment on the grounds of pendency of Writ Petition No. 3877/2023 before Islamabad High Court and non-availability of the legal counsel. In view thereof, a final hearing opportunity was provided to Appellant No.1 and others on January 26, 2024 and it was explicitly stated in the hearing notice that in case of failure to appear in person or through authorized representatives, an ex-parte Order would be issued based on the material available on record including written submissions made by the parties. On the day fixed for the final hearing, no one appeared before the Respondent, therefore, an ex-parte order dated January 26, 2024 (Impugned Order) was passed, whereby, Appellant No.1 was declared as a PSC on the basis of the Government's shareholding. It was further held in the Impugned Order that the appointment of independent directors without adhering to the independence criteria and failure to publish and circulate statements of compliance along with the annual report violates Section 166(2) of the Act and Rules 3 and 24 of the PSC Rules. Appellant No.1 and others were also directed to ensure compliance with the provisions relating to the composition of the Board, election of directors and appointment of independent directors under the Act and as per the PSC Rules.

Appellate Bench

Appeal Nos. 14, 15 and 35 of 2024

Page 3 of 22



## Securities and Exchange Commission of Pakistan

4. The Appellate Bench (the Bench) received applications from Mr. Muhammad Rafiq, Mr. Abdul Munaf and Mr. Asad Ali Shah, to implead them as necessary parties in Appeal No. 14 of 2024, however, the Bench rejected all the applications vide separate orders dated May 2, 2024. The Bench also rejected the application filed by Appellant No.1 to implead certain persons as respondents in the Appeal.
5. The titled Appeals were fixed for hearing before the Bench on May 30, 2024 wherein during the hearing Appellant No.1 contended that it required to ask certain questions from the entities whose shareholdings have been considered by the Respondent to declare the status of Appellant No.1 as a PSC. Appellant No.1 submitted a questionnaire application and requested the Bench to direct the Pakistan Security Printing Corporation (Pvt.) Limited (PSPCL), Pakistan Reinsurance Company Limited (PRCL), SLIC, PPCBL and NIT to file their respective answers. The Bench accepted the questionnaire application filed by Appellant No.1 and vide the Interim Order directed the PPCBL and NIT to submit answers to the questionnaire, whereas, the request to direct PSPCL, SLIC and PRCL to file answers was rejected because the said entities were neither part of the proceedings nor they file appeals against the Impugned Order. Appellant No.1 filed a review against the Interim Order (the Review). The Review was heard by the Bench and it was observed that the High Court of Sindh, Karachi in its order dated May 16, 2024 (in Misc. Appeal no. 94 of 2024) held that the Bench shall not conclude the proceedings in Appeal No. 14 of 2024 without calling the required details from all five entities including PSPCL, SLIC and PRCL. In view thereof, the Bench vide order dated November 15, 2024 allowed the Review and directed the PSPCL, SLIC and PRCL to submit their replies to the questionnaire. All entities, except, the SLIC filed furnished responses to the questionnaire.
6. The Bench has heard the parties and pursued the record including the replies submitted by the PSPCL, PPCBL, NIT and PRCL. The Appellants have filed respective Appeals inter alia on the following grounds;

### **A. APPELLANT NO.1's GROUNDS OF APPEAL**

7. Appellant No. 1 stated that the Respondent illegally and without explicit legal provisions reclassified its status due to a complaint from a shareholder with minimal holdings. Appellant No.1 argued that the Respondent failed to adhere to the principles outlined in Section 24A of the General Clauses Act, 1897 (the GC Act), by not conducting a transparent and fair preliminary inquiry, providing notices to

Appellate Bench

Appeal Nos. 14, 15 and 35 of 2024

Page 4 of 22



## Securities and Exchange Commission of Pakistan

institutional shareholders, and affording a meaningful opportunity of hearing to the individuals named in the complaint. Appellant No.1 further argued that the Respondent had conducted the entire process in a hasty manner and in gross violation of Articles 4, 10-A and 18 of the Constitution of Pakistan, 1973 (the Constitution).

8. Appellant No.1 stated that the Respondent erroneously assumed jurisdiction, contrary to the SRO 1545(1)/2019 dated December 6, 2019 (the Notification) designating the adjudication officer, Adjudication II, Karachi to exercise powers concerning companies with registered offices in the provinces of Sindh and Baluchistan. Appellant No.1 further argued that the SCN and the Impugned Order are based on a complaint filed by an individual shareholder, Mr. Muhammad Rafiq, who owns 97,400 shares (approximately 0.16% of the company). Appellant No. 1 further stated that the Respondent failed to understand the legal framework set out in the Act, which stipulates that only members holding a specific share percentage, either individually or collectively, can take action against the company.
9. Appellant No.1 stated that under Section 33 of the State-Owned Enterprises (Governance and Operations) Act, 2023 (SOE Act), the Finance Division has been notified as the relevant Division to carry out functions and powers of the Federal Government under the said Act. Appellant No.1 submitted that determining whether independent directors on its Board are inducted as per the SOE Act is the sole prerogative of the Finance Division, therefore, the Respondent was not competent to pass the Impugned Order.
10. Appellant No.1 stated that the Respondent failed to conduct a preliminary inquiry consistent with the established standards articulated by higher judicial authorities or to initiate any examination or investigation under Section 29 of the Securities and Exchange Commission Act, 1997 (SECP Act). Appellant No. 1 also stated that the Punjab Provincial Cooperative Bank (PPCBL) and National Investment Trust Limited (NITL) operate independently without any control by the Federal or Provincial Governments. Appellant No.1 argued that NITL is not a "Statutory Corporation or a Government Company" and the Government of Pakistan (GOP) directly and indirectly holds a 41.65% stake in NITL, therefore, as per the Act or SOE Act it is not a PSC or an SOE. Appellant No. 1 argued that the Respondent, erroneously categorized five companies as PSCs without affording the affected entities an opportunity to participate in the proceedings.

Appellate Bench

Appeal Nos. 14, 15 and 35 of 2024

Page 5 of 22



## Securities and Exchange Commission of Pakistan

11. Appellant No. 1 stated that a meaningful opportunity for a hearing was not provided to the individuals (Mr. Muhammad Sualeh Ahmed Faruqui and Mr. Munir Ahmed) named in the complaint. Appellant No.1 submitted that both persons were disqualified vide the Impugned Order, which deprived them of presenting their respective versions, hence, it was a gross violation of Article 10-A of the Constitution.
12. Appellant No. 1 further stated that throughout its operational history from 1967, it has never been designated as a PSC, as substantiated by the fact that its financial accounts have never undergone scrutiny and audit by the Auditor General of Pakistan. Appellant No.1 argued that Section 4 of the Act has no overriding effect over the Tri-Partite Executive Agreement dated June 27, 1967 signed by three sovereign countries i.e. Pakistan, Iran and Turkey (the Agreement), therefore, the status of Appellant No.1 will remain locked pursuant to clause 3 of the Agreement. Appellant No.1 argued that as per the shareholding pattern settled under clause 9 of the Agreement, the Appellant operated as a “public listed company” and since 1967 it has been complying with the applicable legal requirements. Appellant No.1 stated that all its statutory filings as a public listed company have been duly accepted and acknowledged by the Commission. Appellant No. 1 argued that any change in its status is subject to consent and approval of the promoters and sponsor shareholders / initial equity contributors i.e. Iran and Turkey under clauses 9 and 10 of the Agreement.
13. Appellant No.1 stated that the Respondent's assertion that it is indirectly controlled by the Government is factually incorrect because Appellant No.1 is neither directly nor indirectly controlled or beneficially owned by the government. Appellant No.1 argued that it is a public listed entity, that maintains administrative and financial independence, exercising autonomous decision-making authority. Appellant No. 1 stated that the interests of portfolio investors, including SLIC, PPCBL (Appellant No.3), NITL (Appellant No.2), and PRCL, are dynamic and subject to change without necessitating prior government approval. Appellant No.1 argued that there is no element of direct or indirect control of the government over the interests of the aforementioned entities in Appellant No.1 and such shareholdings are classified as “investment portfolios” which are freely tradeable in the market.
14. Appellant No. 1 stated that the Industrial Development and Renovation Organization (IDRO) of Iran vide a letter dated 22 January 2024 stated that Appellant No.1 is a public listed company in the private sector and any change in its status would require a formal process and mutual agreement and consensus

  
Appellate Bench





## Securities and Exchange Commission of Pakistan

of all three sovereign countries i.e. Pakistan, Iran and Turkiye, as mentioned in the Agreement. Appellant No.1 further stated that without prejudice to the foregoing, at present, there are no guidelines, SOPs, or policies that aim to reconcile the ostensible conflicts among different regulatory regimes where companies seemingly fall into two distinct types or categories. Appellant No.1 submitted that for the purposes of prudent corporate governance, it may be treated as a listed public company.

### **B. APPELLANT NO.2's GROUNDS OF APPEAL**

15. Appellant No. 2 *inter alia* filed Appeal No. 15 of 2024 on the grounds that it is not controlled by the government because it is a Non-Banking Finance Company (NBFC) operating under the License issued/granted by the Commission. Appellant No. 2 stated that it is not a "Statutory Corporation or a Government Company" and GOP holds only 41.66% (directly 8.33% and indirectly 33.33%) shares of Appellant No. 2, and, thus, does not fall under the category of PSC. Appellant No.2 argued that the shares of Appellant No.1 are held under the Funds managed by Appellant No. 2 and therefore, the unitholders are beneficial owners of the shares held in Appellant No.1. Appellant No. 2 stated that in view of the above, it cannot be termed as a PSC. Appellant No. 2 stated that Mr. Jamal Nasim was representing Appellant No. 2 as a Non-Executive Director, however, the Respondent incorrectly denoted him as an independent director. Appellant No. 2 submitted that it represents a minority shareholder and investment in Appellant No. 1 is free of all encumbrances such as a blocking on securities by the Federal Government or its agencies.

### **C. APPELLANT NO.3's GROUNDS OF APPEAL**

16. The Appellant No. 3 *inter alia* filed Appeal No. 35 of 2024 on the grounds that the observations of the Respondent as mentioned in Paragraphs Nos. 9 and 11 of the Impugned Order regarding the Appellant being a government-controlled organization is false and frivolous. Appellant No. 3 stated that it is a society registered under the Cooperative Societies Act, 1925 hence, it is a non-statutory body having non-statutory rules framed by its board of directors. Appellant No. 3 submitted that the Impugned Order has been passed without providing an opportunity of hearing to Appellant No.3, thus, the Impugned Order has been passed capriciously and arbitrarily.

Appellate Bench

Appeal Nos. 14, 15 and 35 of 2024

Page 7 of 22



## Securities and Exchange Commission of Pakistan

### D. RESPONDENT'S COMMENTS TO APPELLANT NO. 1

17. The Respondent stated that due process had been followed while passing the Impugned Order and a well-reasoned order had been passed. The Respondent stated that the Impugned Order had systematically and with cogent reasoning, addressed and discarded the arguments of Appellant No.1 and declared that as per shareholding structure, it falls under the definition of a PSC as defined under Section 2(54) of the Act and the PSC Rules. The Respondent stated that the requirements of fair trial had been duly met during the adjudication proceedings against Appellant No.1. The Respondent argued that the Impugned Order had not been passed in a mechanical manner rather due consideration had been given to the written and verbal responses submitted by Appellant No.1. The Respondent submitted that the Impugned Order had not violated the requirements of Article 18 of the Constitution because Appellant No.1 was a listed PSC, therefore, it was required to follow the legal framework applicable to PSCs, however, it failed to do so. The Respondent also argued that the Impugned Order has been passed after providing multiple hearing opportunities to Appellant No.1, therefore, one cannot argue that the requirements of Articles 4 or 10A of the Constitution have been violated by the Respondent.
18. The Respondent stated that Appellant No.1 has misconstrued the Notification because powers delegated to adjudication officers of Adjudication Department II are related to non-listed and licensed companies, whereas, Appellant No. 1 is a listed company. The Respondent submitted that under the Notification powers to adjudicate cases related to listed entities are delegated to Adjudication Department-I, therefore, Appellate No.1's plea regarding the Respondent's jurisdiction is baseless. The Respondent stated that the SCN was issued on the allegations that Appellant No.1 is a PSC as per its shareholding structure, however, it has not complied with the requirements of the PSC Rules while appointing independent directors on its Board. The Respondent submitted that independent directors appointed by Appellant No.1 do not fulfill the criteria of independence provided in Rule 2(d) of the PSC Rules. The Respondent stated that Appellant No.1's stance on the competence of the complainant to file the complaint is not based on facts because the applicable legal and regulatory framework neither places any restriction on the filing of a complaint before the Commission nor provides any specific criteria, including a minimum number of shares, to be met by the complainant for filing of the complaint. The Respondent stated that the Commission is entrusted with the responsibility to protect the interests of all the stakeholders in a neutral and unbiased manner, therefore, the due process was followed before and after issuance of the SCN.

Appellate Bench

Appeal Nos. 14, 15 and 35 of 2024

Page 8 of 22



## Securities and Exchange Commission of Pakistan

19. The Respondent stated that the Impugned Order established that Appellant No.1 is a PSC under Section 2(54) of the Act and the PSC Rules, however, contrary to Appellant No.1's stance, the Impugned Order has not declared Appellant No.1 as a state-owned enterprise under the SOE Act. The Respondent stated that it has been established in the Impugned Order that independent directors on Appellant No.1's Board do not qualify for the independence criteria stipulated under the proviso to section 166(2) of the Act.
20. The Respondent stated that proceedings against Appellant No. 1 were initiated as per the law and facts of the case. The Respondent stated that Appellant No.1 has misconstrued Section 29 of the SECP Act as it relates to investigations and not adjudication proceedings by the Commission. The Respondent stated that the scope of proceedings against Appellant No.1 was limited to the extent of determining whether it is a PSC and if it had complied with the requirements of PSCs while appointing independent directors or not, therefore, the determination of institutional investors' status was beyond the scope of the SCN. The Respondent stated that under Section 2(54) of the Act and the PSC Rules, a company is a PSC or not is to be determined as per the shareholding, either strategic or portfolio, that results in direct or indirect control of the Government. The Respondent stated that as per the shareholding structure of Appellant No.1, it falls under the definition of PSC as defined under Section 2(54) of the Act and the PSC Rules. The Respondent submitted that the status of Appellant No.1 and NITL as SOEs was not a matter under consideration in the SCN, therefore, the same has not been delved in the Impugned Order. The Respondent argued that the adjudication proceedings were initiated on the basis that per the shareholding structure, Appellant No.1 being a PSC, had appointed independent directors on its board who do not fulfill the criteria of independence provided in Rule 2(d) of the PSC Rules. The Respondent stated that the status of the Appellant and 5 other companies as SOEs was never addressed in the Impugned Order, therefore, the Respondent categorically denies that vide the Impugned Order, five companies have been declared as SOEs. The Respondent argued that as a matter of fact, such companies have only been discussed with reference to the direct or indirect shareholding of the Government and its related entities in Appellant No.1.
21. The Respondent stated that the SCN was served on Mr. Muhammad Sualeh Ahmed Faruqi and Mr. Munir Ahmed but they had failed to respond to the SCN. The Respondent further stated that multiple hearing opportunities were provided to all parties including the referred individuals by fixing the hearing in the matter on December 04, 2023, January 11, 2024, and January 26, 2024, however, they neither appeared

Appellate Bench

Appeal Nos. 14, 15 and 35 of 2024

Page 9 of 22



## Securities and Exchange Commission of Pakistan

in person nor were they represented by any authorized representative. The Respondent argued that proceedings were concluded on the basis of available information and records because non-cooperation by the aforementioned person was a deliberate act to prolong the sensitive proceedings.

22. The Respondent stated that Section 2(54) of the Act and the PSC Rules are lucid for determining whether a company is a PSC or not. The Respondent submitted that Section 2(54) of the Act or the PSC does not classify investments into strategic or portfolio, therefore, any investment that results in direct or indirect control of Government through holding more than fifty-one percent voting securities deems the company a PSC. The Respondent submitted that the Impugned Order established that as per the shareholding structure of Appellant No.1, it falls under the definition of a PSC as defined under Section 2(54) of the Act and the PSC Rules. The Respondent stated that past inaction in the matter, if any, does not create any right in favor of Appellant No. 1 for absolution from the violation of the legal framework applicable to PSCs. The Respondent stated that the requirements of Section 4 of the Act are explicit and clearly state that the Memorandum and Articles of Association and the agreements executed by a company are subservient to the primary law and in case of contradiction, the provisions of the primary law will prevail. The Respondent stated that compliance with the provisions of the laws applicable to public listed companies does not absolve the Appellant, being a PSC, from complying with the provisions stipulated for PSCs under the Act and PSC Rules. The Respondent further argued that merely making statutory filings as a public listed company do not preclude the Company from the ambit of PSC.
23. The Respondent stated that IRDO has advised Appellant No.1 to resolve the state ownership issue, thereby uploading the terms of the Agreement. The Respondent stated that the referred letter suggests the resolution of the issue within the company and has no impact on the Adjudication proceedings. The Respondent stated that Section 2(54) of the Act and the PSC Rules are very clear as how to ascertain whether a company is a PSC or not. The Respondent argued that Appellant No.1's stance that it falls under two distinct types or categories of a company is not based on facts as it is established that per the shareholding structure of the Appellant, it falls under the definition of PSC as defined under Section 2(54) of the Act and the PSC Rules.



## Securities and Exchange Commission of Pakistan

### **E. RESPONDENT COMMENTS TO APPELLANT NO. 2**

24. The Respondent stated that the Impugned Order only established that Appellant No.1 is a PSC as defined under Section 2(54) of the Act and 2(g) of the PSC Rules. The Respondent argued that the Impugned Order has neither challenged nor discussed the appointment or eligibility of Mr. Jamal Nasim as a Director of Appellant No.1. The Respondent submitted that in the Impugned Order, only appointment/election of nominee directors of SLIC and PPCBL as Independent Directors was discussed. The Respondent argued that Section 2(54) of the Act and the PSC Rules are very clear as to how to determine whether a company is a PSC or not and any bifurcation of investments into categories of strategic or portfolio is not the basis of demarcation as per the relevant provisions.

### **F. RESPONDENT COMMENTS TO APPELLANT NO. 3**

25. The Respondent argued that the Impugned Order has only declared that Appellant No.1 is a PSC as per its shareholding structure under Section 2(54) of the Act and 2(g) of the PSC Rules and it failed to meet the requirements contained in the applicable legal framework. The Respondent stated that the status of Appellant No. 3 regarding its ownership was not deliberated upon in the Impugned Order. The Respondent argued that the SCN was issued to Appellant No. 1 and its directors, therefore, as Appellant No. 3 was not a party to such proceedings, it was not required to be summoned for a hearing.

### **G. ANALYSIS OF THE BENCH - FINDINGS AND CONCLUSION IN ALL APPEALS**

26. The Bench deems that the Commission has the authority to categorize or reclassify the status of the entities governed by the applicable laws as and when needed under particular circumstances. The Bench has noted that although the matter against Appellant No.1 came on record due to a complaint and prior to initiating legal proceedings, Appellant No. 1 was allowed to provide responses/answers to the allegations contained in the complaints vide the Commission's letter dated August 7, 2023, however, Appellant No.1, vide letter dated August 18, 2023, denied that it is a PSC. Appellant No.1's response was not satisfactory and against the facts of the case, therefore, the Respondent issued the SCN. The Bench has further noted that even after the initiation of legal proceedings the Commission provided multiple opportunities to Appellant No.1 and others to rebut the allegations of the SCN through written and verbal submissions. The Bench has

Appellate Bench

Appeal Nos. 14, 15 and 35 of 2024

Page 11 of 22



## Securities and Exchange Commission of Pakistan

noted that five entities were included in the SCN to determine the 51% shareholding threshold of the government/s in Appellant No.1, however, while passing the Impugned Order, the Respondent had also included three other entities namely; National Bank of Pakistan, Federal Board of Revenue and Employees Old-Age Benefits Institution (EOBI). The Bench is of the view that although the Respondent cannot go beyond the scope and mandate of the SCN, however, the shareholding of the aforementioned entities has not been disputed by Appellant No.1. Therefore, the inclusion of the three entities' shareholding in Appellant No.1 to determine its PSC status is not detrimental to the rights of Appellant No.1. . The government-owned entities that held shares in Appellant No. 1 at the time the SCN was issued and the Impugned Order was passed are shown in the table below.

Shareholders	Percentage (%)
PSPCL	40.03
SLIC	8.48
PPCBL	7.18
NITL	4.37
PRCL	1.57
National Bank of Pakistan	2.27
FBR/EOBI	0.99
<b>TOTAL</b>	<b>64.89 %</b>

27. The Bench is of the view that while determining the status of Appellate No.1 on whether it is a PSC or a public listed company, the Respondent had issued the SCN to Appellant No.1 and its Board because violation of the Act and the PSC Rules was attributed to Appellate No.1 and its Board. Therefore, the Respondent had no legal obligation to include the above-mentioned entities in the SCN proceedings. The Bench is of the view that shareholding of the aforementioned entities in Appellate No.1 was already on record and part of the public domain, therefore, their absence from the SCN proceedings has no bearing on the merits of the case. The Bench has reviewed the relevant record and shareholding structure of Appellant No.1, which reflects that it is a PSC as the majority shareholding is owned by the entities that are controlled or owned by the Federal Government/Provincial Government.

Appellate Bench

Appeal Nos. 14, 15 and 35 of 2024

Page 12 of 22



## Securities and Exchange Commission of Pakistan

28. The Bench is of the view that Appellant No.1's arguments with respect to violation of Articles 4, 10-A and 18 of the Constitution is without substance and against the facts of the case as multiple hearing opportunities were provided to Appellant No.1, however, it failed to appear before the Respondent to present its case. The Bench has further noted that the proceedings against Appellant No.1 were carried out as per law and after issuance of the SCN, Appellant No.1 submitted its written reply. Therefore, Appellant No.1's assertion with regard to the violation of Article 4 of the Constitution is rejected. Furthermore, the Bench has noted that Appellant No.1 is a listed PSC and was required to comply with the requirements of both legal regimes i.e. listed companies and PSCs, therefore, the Bench is not inclined to accept that the Impugned Order has been passed in violation of Article 18 of the Constitution because the determination of entity status by a regulator does not connote that this act places any bar on freedom of trade or business. The Bench is of the view that the Commission as a regulator of the securities market and corporate sector is fully competent to determine the status of entities regulated under its laws, therefore, Appellant No.1's contention that it is just a listed company is not accepted.

29. The Bench has perused the Notification and reviewed Appellant No.1's arguments with respect to the lack of the Respondent's jurisdiction to adjudicate the instant matter. The Bench is of the view that Appellant No.1's argument is without substance because the Notification empowers the Respondent to adjudicate the matters of listed companies and PSCs and as Appellant No.1 is a listed PSC under Section 2(54) of the Act and the PSC Rules therefore, this argument does not hold any merit. The Bench has noted that Appellant No.1 has constantly raised objections on *locus standi* of Mr. Muhammad Rafiq, who filed a complaint with the Commission that Appellant No.1 is not complying with the requirements applicable to PSCs. The Bench is of the view that although the matter of non-compliance was brought to the notice of the Commission by Mr. Muhammad Rafiq, however, instead to proceed against Appellant No. 1 on the basis of the Complaint, the matter was referred to Appellant No.1 for clarification, however, it failed to satisfy the Commission regarding falsification of the allegations contained in the complaint. The Bench has further noted that the issuance of the SCN and passing of the Impugned Order were based on the facts and record of the case, therefore, one may not infer that these are based solely on the complaint. The Bench is of the view that the complaint is merely information, therefore, it was shared with Appellant No.1 for a response. However, failure to provide a satisfactory response, the Commission was constrained to initiate proper legal proceedings against Appellant No.1 and its Board. The Bench is of the view that in order to highlight any non-compliance committed by the entities regulated by the

Appellate Bench

Appeal Nos. 14, 15 and 35 of 2024

Page 13 of 22



## Securities and Exchange Commission of Pakistan

Commission, there is no requirement for a minimum shareholding in that entity. The Bench does not find any substance in Appellant No.1's argument that to file a complaint against a company, the complainant should have possessed a specific percentage of shareholding. The Bench is of the view that the condition to possess a specific percentage of shareholding is only applicable in case any application is received by a shareholder to initiate investigation against the company under Section 256 of the Act, therefore, Appellant No.1's argument against the complainant's competence to file a complaint is rejected.

30. The Bench has noted that the Impugned Order has declared Appellant No.1 as a PSC and the question of appointments of independent directors has been decided under Sections 2(54), 166(2) of the Act and PSC Rules, therefore, as far as the instant proceedings are concerned, the SOE Act has no relevance to the case in hand. The Bench has further noted that on the one hand Appellant No. 1 has a claim that it is neither controlled nor owned by the government, whereas, on the other hand, it has taken a position that under Section 33 of SOE Act only the Finance Division can take action against it. The Bench is of the view that this argument is not only self-destructive but it also suggests that Appellant No.1 believes that it is a state-owned enterprise (SOE). The Bench has noted that in the present case provisions of the SOE Act are not invoked by the Respondent, therefore, Appellant No.1 argument is not relevant to this case. The Bench has further noted that by virtue of Section 3 of the SOE Act, public sector companies mentioned under Section 2(54) of the Act also fall under the definition of SOE, however, as the instant proceedings were initiated under the Act and the PSC Rules, therefore, Appellant No.1 stance regarding lack of Respondent's jurisdiction is not sustainable. Notwithstanding stated herein above, as Appellant No.1 also comes under the definition of SOE then relevant authorities can proceed against it in case of violation of the relevant legal framework. In view thereof, Appellant No. 1's argument concerning the application of the SOE Act is not relevant to the case in hand, hence, we cannot endorse it.

31. The Bench is of the view that the case in hand is not about the use of discretionary powers as alleged by Appellant No.1 in reference to Section 24 of the GC Act rather it is about the violations of the Act and the PSC Rules. Furthermore, the Respondent has provided adequate reasons to pass the Impugned Order, it is a speaking order because the requirements of Section 24 of the GC Act were duly met. The Bench notes that Appellant No.1's argument regarding Section 29 of the SECP Act is not relevant because it pertains to the investigation whereas, in this case, the SCN was issued to determine the violations of the Act and the PSC Rules. The Bench is of the view that the Impugned Order has been passed in pursuance of the SCN and the available record/ submissions made by Appellant No.1, therefore, as per direct and

Appellate Bench



## Securities and Exchange Commission of Pakistan

indirect shareholding of the Government/s, Appellant No.1 is a PSC. The Bench has pursued the Impugned Order and observed that nowhere in the order, the Respondent has declared that Appellant No.1 and its shareholder entities are SOEs. Moreover, the Bench reiterates here that Appellant No.1 has been declared as a PSC in the Impugned Order, therefore, Appellant No.1's stance that, along with other entities, it has been declared as a SOE is factually incorrect and is rejected.

32. The Bench fails to comprehend the argument that a meaningful hearing opportunity was not provided to Mr. Muhammad Sualah Ahmed Faruqi and Mr. Munir Ahmed to present their case before the Respondent, as the SCN was issued to them, which was neither responded to nor were the hearings fixed on numerous dates attended. The Bench is of the view that the aforementioned persons deliberately evaded the SCN proceedings by choice and to frustrate the process of law, therefore, they cannot be allowed to undermine the sanctity of the legal proceedings conducted by the Respondent. In view thereof, the Bench rejects Appellate No. 1's plea that the Respondent has violated the requirements of Article 10-A of the Constitution.

33. The Bench is of the view that at the time of incorporation of Appellant No. 1 in the 1967, the PSC regime was non-existent in its present form, however, as per the shareholding structure since its inception, demonstrates that Appellant No. 1 was a government-controlled entity. Therefore, in our view Appellant No.1 was required to comply with the requirements of the PSC Rules and provisions of the Act when these became applicable, however, it failed to do so. The Bench is of the view that in case of any conflict, Section 4 of the Act has an overriding effect on constitutive documents of a company, therefore, Appellant No.1's assertion regarding the overriding impact of the Agreement is not sustainable. The Bench is of the view that this is not a case of change in the status of Appellant No.1, rather this is a case to recognize and admit that Appellant No.1 is not only a listed company but also falls under the definition of a PSC, therefore, requiring it to comply with both the regulatory regimes pertaining to listed companies as well as PSCs. The Bench has noted that in the Impugned Order, it has never been stated that Appellant No.1 is required to change its status, rather a direction was passed for ensuring compliance with the requirements of the PSC legal framework. In view thereof, the Bench has noted that the phrase "change of status" has been selected and used by Appellant No.1 to avoid the desirable application of the law. In our view, Appellant No.1, being a listed company, is under the direct and indirect control of the government, therefore, it is also required to meet the requirements of the PSC legal framework. The Bench wants to highlight that certain other government-owned and controlled companies whether

Appellate Bench

Appeal Nos. 14, 15 and 35 of 2024

Page 15 of 22



## Securities and Exchange Commission of Pakistan

PSCs/SOEs also fall under the listing regime, therefore, the legality of the declaration of Appellant No.1's status as a listed PSC cannot be questioned. In view thereof, the Bench has no doubt that Appellant No.1 is not only required to meet the listing companies' requirements but is also under the obligation to comply with all requirements applicable to PSCs.

34. The Bench has noted that the relevant legal framework governing the PSCs does not recognize the classification of investments in a PSC either as strategic or portfolio, therefore, Appellant No. 1's argument that PSPCL, SLIC, PPCBL (Appellant No.3), NITL (Appellant No.2), and PRCL shareholding in Appellant No.1 is a portfolio investment, has no impact on the merits of the case. The Bench has noted that in the Impugned Order and the current proceedings it has been determined that PSPCL, SLIC, Appellant No.2, Appellant No. 3, and PRCL are directly or indirectly controlled and owned by the Federal/Provincial Governments, therefore, on the basis of such shareholding, Appellant No.1 is undoubtedly, a listed PSC. In view thereof, the Bench is not inclined to accept Appellant No.1's assertion that SLIC, PPCBL (Appellant No.3), NITL (Appellant No.2), and PRCL shareholding cannot be considered to determine Federal and Provincial Governments control on Appellant No.1.
35. The Bench is of the view that the Impugned Order has not changed the listing status of Appellant No.1 and duly recognized that it is a listed company, however, at the same time due to the ownership of Appellant No.1's shares by different entities under the direct or indirect control of the Government had made Appellant No.1 a PSC. Thereby, in our view thereof, Appellant No.1 is not only required to meet the listing companies' requirements but is also under the obligation to comply with all requirements of PSCs.
36. The Bench has reviewed the questionnaire filed by Appellant No.1 as well as the responses submitted by the four entities having shareholding in Appellant No.1. The Bench has noted that SLIC did not submit a reply to the questionnaire. The Bench has further noted that NITL and PPCBL have not only filed the responses to the questionnaire but have also filed separate appeals against the Impugned Order (Appeal No. 15 of 2024 and Appeal No. 35 of 2024 respectively), whereas, PSPCL and PRCL only filed replies to the questionnaire of Appellant No.1. The Bench has pursued the replies of all entities and finds no substance in the replies that could undermine the merits and conclusion drawn by the Respondent in the Impugned Order. The Bench has noted that while responding to the question regarding control and ownership of the entities, the following replies were received;

Appellate Bench


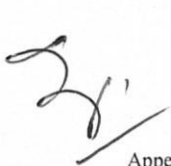


## Securities and Exchange Commission of Pakistan

- i. As per the reply of NITL, the Government of Pakistan directly and indirectly holds 42.66% shareholding in the NITL, moreover, its Managing Director is a nominee of the Federal Government;
- ii. As per the reply of PRCL, almost 79% of its shareholding is vested with the Federal Government and its entities and is under the administrative control of the Federal Ministry of Commerce;
- iii. As per the reply of PPCBL, the Government of Punjab holds a 94.65% stake in PPCBL through the Provincial Finance Department and
- iv. As per the reply of PSPCL, it is a wholly owned subsidiary of the State Bank of Pakistan.

37. The Bench has noted that although SLIC has not filed a reply to the questionnaire, however, it is an undisputed fact that it is a state-owned and controlled company, and the recent appointment of SLIC's chairman has been made by the Federal Government on August 17, 2023. The Bench has further noted that the appointment of SLIC's Board including its chief executive officer is made by the Federal Government. Furthermore, the Bench has noted that as per SLIC's letter dated December 1, 2023, annexed with Appellant No.1's appeal (page 47) it has been admitted that SLIC is a government-owned and controlled entity. In view thereof, the Bench has no doubt that the Federal Government exerts its control over the SLIC through the aforementioned appointments.

38. The Bench has also noted that PRCL is a public sector company under the administrative control of the Ministry of Commerce and there are seven directors on its Board, including the Chairman of the Board. The Bench has further noted that, out of the seven directors, four are nominated by the Federal Government, one is nominated by the SLIC whereas, the remaining two are elected from the minority shareholders. As the nomination of PRCL majority directors and chief executive officer is made by the Federal Government, therefore, the Bench believes that PRCL is a PSC, hence, its shareholding in Appellant No.1 has rightly been considered to determine the PSC status of Appellant No.1. As the majority directors are appointed by the Federal Government, therefore, PRCL's Board chairman is also a Federal Government nominee. Moreover, the Bench has noticed that as per Articles 69 and 69A of the Articles of Association of PRCL (AOA-PRCL) appointment and term of chief executive officer is governed by sections 186 and 187 of the Act, section 12 of the Insurance Ordinance 2000 and in accordance with the provisions of the PSC Rules read with Public Sector Companies (Appointment of



Appellate Bench

Appeal Nos. 14, 15 and 35 of 2024

Page 17 of 22



## Securities and Exchange Commission of Pakistan

Chief Executive) Guidelines, 2015, therefore, the PRCL is a PSC. Furthermore, the Bench has noted that as per PRCL's letter dated November 22, 2023, annexed with Appellant No.1's appeal (page 48) it has been admitted that the government has fifty-one percent shareholding in PRCL, therefore, it is a government-owned and controlled entity.

39. The Bench has further noted that PSPCL is a wholly owned subsidiary of the State Bank of Pakistan established by the Federal Government under the State Bank of Pakistan Act, 1956. The Bench is of the view that the State Bank of Pakistan is an autonomous statutory body, therefore, its subsidiary comes under the definition of PSC provided under Section 2(54) of the Act. Furthermore, the appointments of the Governor, Deputy Governors and Directors of the State Bank of Pakistan are made by the President of Pakistan (on recommendation from the Federal Government) and Federal Government, therefore, for all purposes, entities owned by the State Bank of Pakistan are PSCs. The Bench has noted that as per Article 57 of the Articles of Association of PSPCL (AOA-PSPCL), the position of chairman of PSPCL is designated to the Governor State Bank of Pakistan whereas, under Article 61 of AOA-PSPCL, the Governor is authorized to appoint one of the Deputy Governors as vice chairman. In view thereof, it is substantiated that the positions of chairman and vice chairman of PSPCL are held by the Federal Government through the Governor and Deputy Governors of the State Bank of Pakistan, therefore, it establishes the Federal Government's control over PSPCL. In the circumstances and facts of the case, the Bench is of the view that the Respondent had rightly included PSPCL's shareholding in Appellant No.1 to determine the PSC status of Appellant No.1.

40. The Bench has also perused the written submission made by Appellant No.1 in the last hearing wherein it has been stated that Appellant No.2's shareholding should have been excluded while determining the PSC status of Appellant No.1 because the unit holders are the ultimate beneficial owners of the fund. The Bench is of the view that irrespective of the ownership structure of Appellant No.2, the control rests with the Managing Director who is appointed by the Federal Government and is part of the Investment Committee of Appellant No.1. The Bench has also reviewed Appellant No. 1's argument about the exclusion of Appellant No.3's shareholding while determining the PSC status of Appellant No.1, however, no plausible reason has been given to justify the desired exclusion. The Bench has no doubt that Appellant No.3 also comes under the definition of PSC because the word "government" used in Section 2(54) of the Act is to be read with the definition of government provided under Section 2(36) of the Act, which says that "*Government includes Federal Government or, as the case may be, Provincial*

Appellate Bench

Appeal Nos. 14, 15 and 35 of 2024

Page 18 of 22



## Securities and Exchange Commission of Pakistan

*governments unless otherwise expressly provided in this Act.*”. The Bench has a firm view that as per the definitions of PSC and government, entities whether owned or controlled by Federal or Provincial Government squarely fall under the ambit of PSCs.

41. In written submissions Appellant No.1 stated during the SCN proceedings and even during the instant appellate proceedings, principles of natural justice have been violated by the Respondent and the Bench. Appellant No.1, allegations with regard to violations of natural justice are without any substance, therefore, we reject it. The Bench has noted the SCN was issued to Appellant No.1 and its Board and in this regard, ample hearing opportunities were provided to them to rebut the allegations contained in the SCN, however, they failed to discard the allegations with substantive pieces of evidence and confidence-inspiring arguments. Furthermore, the Bench wants to specifically address Appellant No.1’s objection that it failed to provide an opportunity to SLIC, Appellant No.2, Appellant No.3, PRCL, PSPCL and Appellant No.1 to present their stance concerning the Impugned Order. During the instant proceedings, the Bench allowed Appellant No.1’s application to call information from SLIC, Appellant No.2, Appellant No.3, PRCL, and PSPCL with regard to ownership and control of their shares in Appellant No.1. The Bench has noted that all entities except SLIC, not only submitted their replies but Appellant No.2 and Appellant No.3 also filed two separate appeals against the Impugned Order. Apparently, only three parties i.e. Appellant No.1, Appellant No.2 and Appellant No.3 were aggrieved from the Impugned Order, therefore, they filed appeals before the Bench, whereas, the other three parties have not challenged the Impugned Order. In view thereof, the Bench rejects Appellant No.1’s assertion that during the SCN and appellate proceedings rules of natural justice have been violated.

42. The Appellant No.1’s Counsel, vide email dated January 13, 2025 (after the final hearing of the Bench), informed the Bench that SLIC’s shareholding in Appellant No.1 was reduced to 95,000 shares representing 0.16 % shareholding as of December 31, 2024. The Bench is of the view that Appellant No.1 cannot ask the Bench to consider new facts at this stage, because the case in hand has to be decided as per facts and records that existed at the time the Impugned Order was passed. The Bench is of the view that even if we consider the new shareholding of SLIC i.e. 0.16% to determine the PSC status of Appellant No.1, even then it is evident that the government-controlled or owned entities’ shareholding in Appellant No.1 surpasses the threshold of fifty-one percent shareholding stipulated under the relevant laws. In view thereof, even after divestment of SLIC’s shares in Appellant No.1, the Federal and Provincial Government’s majority shareholding in Appellant No.1 is as follows;

Appellate Bench



## Securities and Exchange Commission of Pakistan

Shareholders	Percentage (%)
PSPCL	40.03
SLIC	0.16
PPCBL	7.18
NITL	4.37
PRCL	1.57
National Bank of Pakistan	2.27
FBR/EOBI	0.99
<b>TOTAL</b>	<b>56.57 %</b>

43. The Bench is of the view that it is a known fact that Appellant No.2, PSPCL, SLIC, PPCBL and PRCL are government-controlled/ owned entities, therefore, while determining the PSC status of Appellant No.1, the Respondent was not required to hear such entities. The Bench has noted that the SCN was issued to Appellant No.1 and its Board, therefore, the Respondent was not legally bound to summon Appellant No. 2 in the proceedings. As Appellant No. 2 claims that it is not a PSC, therefore, to determine this fact, the Bench has conducted an exercise of a the historic shareholding pattern of Appellate No.1 which revealed that in 1967 vide a letter dated May 4, 1967 the Office of the Controller of Capital Issues, Ministry of Finance consented to issue 250,000 shares of Rs. 25,00,000/- to NIT, . In view thereof, it is established that Appellant No.1's shares were allotted to NIT by the Ministry of Finance; hence, the said shares cannot be considered as part of a portfolio investment acquired from the market. Furthermore, the Bench has noted that in its written reply dated August 12, 2024, NIT (Appellant No.2) stated that, vide Finance Division's letter No. F.4-4/2010-Inv-III-194 dated February 15, 2022, Managing Director of Appellant No.2 was re-appointed for a second term under Section 187(1) of the Act, whereas, as per the Gazette Notification dated February 8, 2019, the first appointment of Managing Director was made by the Federal Government as Managing Director of Appellant No. 2. The Bench has further noted that the Federal Government appoints the chief executive/managing director of Appellant No. 2 in terms of Article 89 of the Articles of Association of Appellant No.2. Therefore, it is sufficient to establish the Government's direct and indirect control over the affairs of Appellant No. 2. In view thereof, the Bench

Appellate Bench

Appeal Nos. 14, 15 and 35 of 2024

Page 20 of 22



## Securities and Exchange Commission of Pakistan

has no doubt that due to the Government's control, through appointment of the chief executive/managing director, Appellant No.2 is a PSC.

44. The Bench has also noted that the Central Monitoring Unit (CMU) Report for the financial year 2021-22 Published on December 2023 has listed Appellant No.2, ~~PSPCL~~, SLIC, NBP, and PRCL as SOEs, however, the report has never been objected, challenged or confronted by the respective entities. Moreover, Appellant No.2 while answering the Bench's questions admitted that its Managing Director/CEO is part of the Investment Committee, in view thereof, the Bench has no reason to dispel the inference that investment decisions of Appellant No.2 are made and controlled by the Federal Government through its appointee Managing Director/CEO. The Bench has asked Appellant No.2 whether its government shareholding frequently changes or remains the same. In reply thereof, Appellant No.2 stated that *"NITL is an Unlisted Non-Banking Finance Company operating under a license issued by SECP. There is no frequent change in Government Holding as shares cannot be transferred without prior approval of SECP as all shares are sponsor shares except 5 shares issued to Independent Directors."* Given the above mentioned, the Bench is no doubt that the Federal Government directly and indirectly controls Appellant No.2, therefore, it is a PSC. The Bench has noted that Appellant No. 2's contention that Mr. Jamal Nasim was representing Appellant No. 2 on Appellant No.1's Board as a non-executive director and has been incorrectly referred to as an independent director. The Bench has perused the Impugned Order and found nothing against the appointment or eligibility of Mr. Jamal Nasim as director on Appellant No.1's Board representing Appellant No.2, therefore, Appellant No.2's argument in this regard is rejected.

45. The Bench has noted that PPCBL (Appellant No.3) has also filed a separate appeal. However, no substantive grounds have been taken in support of the appeal other than reiteration of its status as a PSC. The Bench finds that in reply to the questionnaire of Appellant No.1, Appellant No.3 admitted that the Government of Punjab holds a 94.65% stake in PPCBL through the Finance Department, therefore, it comes under the category of PSC mentioned as an "agency of the Government" under Section 2(54) of the Act. Furthermore, the Bench has noted that Appellant No.1 annexed PPCBL's letter dated November 23, 2023, with written comments dated August 26, 2024 wherein it has been admitted that 94% of its shareholding is vested with the Government of Punjab, therefore, it is a government-owned and controlled entity. In view of the legal principle of evidence which says "facts that are admitted do not

33,  
Omitted  
vide order  
dated 15/4/25



## Securities and Exchange Commission of Pakistan

need to be proved in a legal proceeding”, it is established that PPCBL is a public sector entity, hence its shareholding in Appellant No. 1 has rightly been included to determine the PSC status of Appellant No.1.

46. In view of the above discussion and analysis, the Bench finds that PSPCL, SLIC, Appellant No.2, Appellant No. 3, and PRCL fall within the term “agency of the Government or statutory body” and the shareholding of the aforementioned entities in Appellant No.1 establishes that it is a PSC. In the circumstances, such entities have the power to elect or nominate the majority of directors on Appellant No.1’s Board. In the circumstances, the Bench is of the view that the Federal/Provincial Governments not only directly or indirectly control Appellant No.1 but also beneficially own it. The Bench has also observed that the above-mentioned five entities have ownership of majority shareholding to appoint or nominate majority directors on Appellant No.1’s Board. In the circumstance, we find no reason to interfere with the merits of the Impugned Order, therefore, all three Appeals i.e, Appeal No. 14 of 2024, Appeal No. 15 of 2014 and Appeal No. 35 of 2024 are dismissed, without any order as to cost.

(Abdul Rehman Warraich)  
Commissioner

(Akif Saeed)  
Chairman/ Commissioner

Announced on: **07 FEB 2025**