



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Adjudication Department- II

Adjudication Division

Through Courier

Before

**Hammad Javed, Additional Director / Head of Department
(Adjudication Department- ii)**

In the matter of

M/s Printing Corporation of Pakistan (Private) Limited

Show Cause Notice	No. Adj-II/PSC/13/IAN-67/CRO ISB/2023-24-1119 November 10, 2023	
Date on which hearing opportunity provided	Date	Attended by
	November 24, 2023	Mr. Barkat Ali, (Administrative Officer, PCP), Authorized Representative.
	February 12, 2024	No one appeared to attend.
	March 12, 2024	Mr. Barkat Ali, (Administrative Office, PCP), Authorized Representative.
	April 25, 2024	Adjourned.
	May 2, 2024	Adjourned.
	May 14, 2024	Mr. Barkat Ali, (Administrative Officer, PCP), Authorized Representative.

Order

Under Rule 25 of the Public Sector Companies (Corporate Governance) Rules, 2013 read with section 508(2) of the Companies Act, 2017

This Order shall dispose of the proceedings initiated by the Securities and Exchange Commission of Pakistan ('**Commission**') through Show Cause Notice No. Adj-II/PSC/13/IAN-67/CRO ISB/2023-24-1119 November 10, 2023 ('**SCN**') issued to **M/s Printing Corporation of Pakistan** ('**Company**') and its Chief Executive (collectively called hereunder as '**Respondents**'), under Rule 25 of the Public Sector Companies (Corporate Governance) Rules, 2013 ('**PSC Rules**') read with section 508(2) of the Companies Act, 2017 ('**Act**') for alleged violation of the PSC Rules.

2. The Company is a public sector company as defined in rule 2 (1) (g) of the PSC Rules. In terms of Rule 24 of the PSC Rules every Public Sector Company is required to publish, circulate and file with the Commission and the Registrar a statement along with its annual report to set out the status of its compliance with these Rules. Further, every Public Sector Company is also required to ensure that the statement of compliance ('**SOC**') with the PSC Rules is reviewed and certified by external auditors, where such compliance can be objectively verified, before publication by the Public Sector Company. For ease of reference, Rule 24 of the PSC Rules is reproduced hereunder: -

24. Compliance with the rules. - (1) Every Public Sector Company shall publish and circulate a statement along with its annual report to set out the status of its compliance with these rules, and shall also file with the Commission and the registrar concerned such statement along with its annual report.



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(2) Every Public Sector Company shall ensure that the statement of compliance with the rules is reviewed and certified by external auditors, where such compliance can be objectively verified, before publication by the Public Sector Company.

(3) Where the Commission is satisfied that it is not practicable to comply with any of these rules, the Commission may, for reasons to be recorded, relax the same subject to such conditions as it may deem fit to impose.

3. The above non-compliances with the PSC Rules attract the penal provisions contained in Rule 25 of the PSC Rules read with section 508(2) of the Act. Rule 25 of the Rules provides as under:

“Penalty for contravention of the Rules.- Whoever fails or refuses to comply with, or contravenes any provision of these rules, or knowingly and willfully authorises or permits such failure, refusal or contravention shall, in addition to any other liability under the Act, be punishable with fine and, in the case of continuing failure, to a further fine, as provided in sub-section (2) of section 508 of the Act.”

Section 508(2) of the Act provides as under:

“Any rule made under sub-section (1) may provide that a contravention thereof shall be punishable with a penalty which may extend to five million rupees and, where the contravention is a continuing one, with a further penalty which may extend to one hundred thousand rupees for every day after the first during which such contravention continues.”

4. Examination of record of the concerned Registrar revealed that the Company has filed its annual reports for year ended June 30, 2019 and June 30, 2020 on September 1, 2021 and January 5, 2023 respectively but failed to file its SOC's for both the years i.e. 2019 and 2020 with the Registrar, despite demand notice dated August 23, 2023 issued by Registrar of concerned Company Registration Office.

5. In view thereof and to comply with the mandatory requirements of law and to meet the ends of justice, accordingly SCN dated November 10, 2023 was served on the Company and its Chief Executive, calling upon them to furnish submissions in writing to explain, within 10 days of the date of the SCN, as to why penal provisions of Rule 25 of the PSC Rules read with section 508(2) of the Act may not be invoked for the aforesaid alleged violation of the PSC Rules.

6. The Company and its Chief Executive were advised to inform in case they wanted to avail the opportunity of being heard in person or through an authorized representative.

7. Reminders for submission of written reply to the SCN were sent to the Respondents at their registered address through courier vide letters dated January 29, 2024, March 4, 2024, April 15, 2024, April 25, 2024 and May 7, 2024. The SCN and the said reminders were also delivered through emails dated November 16, 2023 and April 18, 2024 which were delivered at the email address of the Respondents i.e. secretary@pcp.gov.pk.



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8. In order to conclude the adjudication proceedings initiated through the above-mentioned SCN and to provide the Respondents opportunity of personal representation for being heard, hearings were scheduled for November 24, 2023, February 12, 2024, March 12, 2024, April 25, 2024, May 2, 2024 and May 14, 2024 respectively through zoom link. Each time it was also intimated to the Respondents that they may visit 2nd Floor of Securities & Exchange Commission of Pakistan's Head Office situated at NIC Building, 63 Jinnah Avenue, Blue Area, Islamabad, at the scheduled date and time, in case they intend to appear for the scheduled hearing in person. The Respondents opted to avail the opportunity of being heard in person.

9. Mr. Barkat Ali, Administrative Officer of the Company/ Authorized Representative, appeared in person before the undersigned on May 14, 2024 to represent the Respondents. He submitted written reply to the SCN during this hearing proceedings that was held as final opportunity of hearing through the sixth hearing notice dated May 7, 2024. The relevant contents of the written reply to the SCN submitted by the Respondents are reproduced here below:

"2. In this connection brief background is submitted that:

(a) The issue of Public Sector Companies (Corporate Governance) Rules 2013 remained under consideration of the BoD, PCP from time to time in its different meetings. It was observed that PCP is involved in printing of secret, sensitive and classified documents of the Government of Pakistan, hence BoD directed PCP to seek exemption from SECP.

(b) With the approval of the BoD, exemption of the following selective clauses was sought vide letter dated 01.11.2016: Clause Heading No. (3) Composition of Board (5) Responsibility, powers and function of the Board (13) Chief Financial Officer, Company Secretary and Chief Internal Auditor - appointment and removal (14) Role and qualification of Chief Financial Officer and Company Secretary (19) Directors remuneration

(c) The SECP vide letter dated 26.07.2021 informed that powers to grant relaxation from any of the requirements of the Public Sector Companies (Corporate Governance) Rules, 2013 (Rules) in term of sub-rule (3) of rule 24 of the Rules - earlier being exercised by the Commission in pursuance of S.R.O. 46(1)/2019 dated 09.01.2019 - have been delegated to and are to be exercised by the Federal Government in pursuance of amendments promulgated in the Rules through S.R.O. 715(1)/2019 dated 01.07.2019.

(d) The BoD, PCP in its 102nd meeting held on 05.05.2021 approved the proposal of reconstitution of PCP BoD in accordance with the provision contained in the Public Sector Companies (Corporate Governance) Rules, 2013.

(e) PCP had taken up the matter with the Cabinet Division vide letter dated 21.04.2021 for reconstitution of the BoD, PCP.

(f) In the meantime PM Inspection Commission & BoD, PCP considered various options for restructuring PCP.



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(g) Later a detailed working paper regarding bringing PCP in conformity with Corporate Governance Rules, 2013 and State Owned Enterprises (Governance and Operation) Act, 2023 was placed before the BoD, PCP in its 106th meeting held on 02.04.2024. The BoD approved to initiate the procedural formalities in this regard. As soon as approved minutes of the BoD meeting is received, further action will be taken accordingly.

3. In view of the above position it is submitted that there is no willful contradiction or refusal on the part of PCP, Government owned Enterprise, for necessary compliance. It is therefore, requested to grant time for completion in accordance with laid down procedure for the purpose which has/is taking time at higher level.

4. This issues with the approval of the Managing Director."

10. The Authorized Representative of the Respondents, during hearing proceeding of May 14, 2024, reiterated the aforesaid written submissions made by the Respondents and requested for lenient view of the default.

11. I have heard the arguments presented by the Authorized Representative of the Respondents during the hearing and have also perused the available record of Adjudication Department-II, comprising the contents of written submissions received from the Respondents in reply to the SCN.

12. It is evident from the aforesaid that the Respondents were provided reasonable time for compliance of the requirements of Rule 24 of PSC Rules, 2013 and they were afforded various opportunities to explain their position with regard to alleged violation of Rule 24 of PSC Rules. Before concluding the order, I find it pertinent to clarify that the public sector companies are required to comply with the requirements contained in the PSC Rules in letter and spirit and such mandatory compliance is not dependent or subject to the adoption by board of directors. It has also been noted that the Respondents have not produced any exemption or relaxation from any of the requirements of PSC Rules. Therefore, the submissions of the Respondents and their Authorized Representative have been found to be unconvincing and untenable.

13. It is, therefore, established that the Respondents have contravened Rule 24 (1) of the PSC Rules by failing to file SOCs for the year ended June 30, 2019 and June 30, 2020 till date despite having ample time, thus Rule 25 of the PSC Rules read with Section 508 (2) of the Act are attracted.

14. In view of the forgoing facts and state of affairs, I, in exercise of the powers delegated to the undersigned vide Commission's Notification No. S.R.O.1546(1)/2019 dated December 6, 2019, impose an aggregate penalty of **Rs 200,000/-** on the Company in accordance with Rule 25 of the PSC Rules read with Section 508 (2) of the Act for established violation of Rule 24(1) of the PSC Rules.

15. The Company is directed to deposit the aforesaid penalty in the account of the Commission being maintained in the designated branches of MCB Bank Limited and United Bank Limited within 30 days of the date of this Order and furnish Original Deposit Challan to this office.



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16. Furthermore, the Respondents are directed to file SOC's for the years ended June 30, 2019 and June 30, 2020 respectively without any further delay. The Company, its Chief Executive and Directors are also advised to ensure meticulous compliance with all applicable regulatory requirements, henceforth, failing which appropriate enforcement action(s) shall be initiated in accordance with the law.

17. This order is being issued without prejudice to any other action that the Commission may initiate against the Company in accordance with law on matters subsequently investigated or otherwise brought to the knowledge of the Commission.

(Hammad Javed)

Additional Director / Head of Department
Adjudication Department-II

Announced: May 31, 2024