

Government of Pakistan directly holds more than 97 percent shares of the Company in the name of President of Pakistan and remaining shares are held through other public entities. It has also been stated that the mill was identified as a manufacturer of strategic supplies by the GoP and since then the significant portion of the Company's total production comprise of special alloys and steel for defence needs of the country. It has further been stated that the administrative and operational control of the Company is in the hands of Dr. A Q Khan Research Laboratories (KRL) and the board members are from KRL, Chairman Pakistan Ordinance Factories, DG-COP, Joint Staff Headquarters and Joint Secretary from Ministry of Industries, Production and special initiative that makes the Company a sensitive entity of strategic significance who warrants specialized control environment. The Company's authorized representative finally stated that the above circumstances are beyond the control of the Company and its directors and may not be able to overcome the circumstances in the years to come.

5. I have gone through the relevant provisions of the Rules, and other record of the Company and observed that sub-rule (1) of rule 24 of the Rules requires that every public sector company shall publish and circulate a statement along-with its annual report to set out the status of its compliance with the Rules, and shall also file the same with the Commission and the registrar concerned along-with its annual report. Further, sub-rule (2) of rule 24 of the Rules requires that the Company shall ensure that SOC with the rules is reviewed and certified by the external auditors, where such compliance can be objectively verified, before its publication. I have also perused rule 25 of the Rules which provide penalty for contravention of the rules.

6. Based on the above, it is apparent that the Company and its directors have violated the mandatory requirements of rule 24 of the Rules by not filing SOC for the years 2014 and 2015. I therefore, in exercise of the powers conferred under rule 25 of the Rules read with section 508(2) of the Companies Ordinance, 2016, impose fine of Rs. 100,000/- (Rupees One hundred thousand only) on the Company. The Chief Executive is, hereby, directed to deposit the amount of penalty in the Commission's account within 30 days of the receipt of this Order and furnish original receipt/challan of the same to this office for record. In case of non-payment of penalty within the specified time, the same will be recovered under the provisions of law. The Company and its directors including its Chief Executive are also directed to submit the SOC for the years 2014 and 2015 without any further delay.

7. This order is issued without prejudice to any other action(s) that may be initiated against the Company and its directors/officers responsible for the violations of the aforesaid provisions of the Rules and the Ordinance.

(Tahir Mahmood)
Commissioner (CCD)

Announced:
December 14, 2016

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