



# Securities and Exchange Commission of Pakistan

## Adjudication Division Adjudication Department

### Before

### Amir Saleem, Joint Director/Head of Wing (Listed Companies Wing) (Adjudication-I)

### In the matter of Show Cause Notice issued to Pakistan Engineering Company Limited

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Date of Hearing

September 14, 2020

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### **Order-Redacted Version**

Order dated November 12, 2020 was passed by Joint Director/Head of Wing (Listed Companies Wing) (Adjudication-I) in the matter of Pakistan Engineering Company Limited. Relevant details are given as hereunder:

<b>Nature</b>	<b>Details</b>
1. Date of Action	Show cause notice dated February 06, 2019
2. Name of Company	Pakistan Engineering Company Limited
3. Name of Individual	The proceedings were initiated against the board of directors of Pakistan Engineering Company Limited.
4. Nature of Offence	Under Section 237 read with Section 479 of the Companies Act, 2017 for failure to prepare and circulate quarterly financial statements for the period ended September 30, 2018.
5. Action Taken	<p>Key findings were reported in following manner:</p> <p>As regards the matter in hand, I have analyzed the facts of the case, relevant provisions of the Act, and the information available on record. In this context, I would like to draw attention to the Ministry of Industries and Production (MOIP's) letter dated September 06, 2018 wherein the Ministry directed that "<i>the Company Secretary is directed to let the Ministry know that rationale for convening the Board of Directors meeting when some of these Board members have been declared accused in the Case and how the Company Secretary may not be seen as complicit in all these questionable proceedings of Board of directors.</i>" Perusal Of this letter reveals that the Ministry imposed restriction on convening the meeting of the board of directors of the Company. Moreover, I have observed that NAB vide its letter dated November 20, 2018 directed the Company to withhold any board meeting of PECO as the matter of illegally sold share by NIT is under investigation and to stop further decision making by the present board. The aforesaid correspondences of NAB and relevant Ministry, and due to the reason that reply of the SCN was not received from all the Respondents, which transpires that preparation and approval of quarterly financial</p>



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	<p>statements for the period ended September 30, 2018 was subject to directions given in this regard.</p> <p>In view of the preceding facts, I am of the view that the provisions of the law have not been complied by the Respondents; however, given correspondence of NAB as well as the Ministry, the matter was beyond the control of the Respondents to convene its board meeting and thereby approve the requisite quarterly financial statements. I, therefore, conclude the proceeding initiated vide SCN dated February 6, 2019 without any adverse order. I however advise the Respondents to transmit to the Commission quarterly financial statements for the period ended September 30, 2018 at the earliest provided that no restriction to do so holds in the matter.</p> <p>Nothing in this Order may be deemed to prejudice the operation of any provision of the Act providing for imposition of penalties in respect of any default, omission, violation of the Act.</p>
6. Penalty Imposed	Nil
7. Current Status of Order	No appeal has been filed by the respondents.