**Before**

**Amir M. Khan Afridi, Director/HOD (Adjudication-I)**

**In the matter of Show Cause Notice issued to EMCO Industries Limited**

|  |  |
| --- | --- |
| Date of Hearing | August 10, 2011, May 28, 2012, June 25, 2012, July 10, 2012, December 07, 2012, April 08, 2013, November 18, 2013, November 26, 2013, August 04, 2021 and August 17, 2021  |

**Order-Redacted Version**

Order dated March 15, 2022 was passed by Director/Head of Department (Adjudication-I) in the matter of EMCO Industries Limited. Relevant details are given as hereunder:

|  |  |
| --- | --- |
| **Nature** | **Details** |
| 1. Date of Action
 | Show cause notice dated April 22, 2011 |
| 1. Name of Company
 | EMCO Industries Limited  |
| 1. Name of Individual\*
 | The proceedings were initiated against eight directors. |
| 1. Nature of Offence
 | Under Section 495 read with Section 476 of the Companies Ordinance, 1984. |
| 1. Action Taken
 | Key findings were reported in following manner:I have gone through the facts of the case, relevant requirements of law and the submission made by the Respondent both written and verbal and state that:1. The Company was given direction dated December 28, 2010 under sub-section (1) of Section 472 of the Ordinance to:
2. rectify the non-compliance with the requirements of Section 227 of the Ordinance i.e. payment of its long-term liability, towards provident fund, amounting to Rs. 143.600 million (2008: Rs. 89.912 million) appearing in the its financial statements for the year ended June 30, 2009;
3. repay the entire outstanding amount against the provident fund in line with the repayment schedule submitted by the Company:
4. provide signed copy approved by its board of directors, within 30 days of the date of the direction; and
5. submit compliance report along with evidence of payment to the provident fund at the end of each quarter starting from July 2010 to March 2016.

b) The Company thereafter did not comply with the aforesaid direction and failed to repay provident fund loan.c) Subsequently, on March 06, 2018 the Company entered into settlement agreement, with the trustees of the EMCO Industries Limited Provident Fund and EMCO Industries Limited Employees Union. In this regard repayment of the balance amounting to Rs. 249,689,265 was decided as per the repayment schedule wherein installment of Rs. 2.00 million was to be paid every month and the last installment of repayment of provident fund loan being July 2027.d) The Company has provided an updated status regarding repayment of provident fund loan whereby balance of loan as per the financial statement for year ended June 30, 2021 stands as Rs. 100,529,817 and paying Rs. 3.00 million every month the Company envisages that the loan shall be repaid early i.e. by March 2024. From the above discussion and after careful consideration of all the facts of this case, I am of the considered view that the Respondents to the SCN have failed to comply, in timely manner, with the direction of the Commission conveyed through order dated December 28, 2010. The Respondents are, therefore, liable for penalty under subsection (l) of Section 405 of the Ordinance. However, taking cognizance of the submission of the Company including the restructuring agreement and relevant repayments made to the provident fund loan, and in exercise of the powers conferred under aforesaid provisions of the Act, I hereby conclude this matter by issuing warning to the Respondents and advice the Company to ensure timely repayments of provident fund loan as per the restructuring agreement.N Nothing in this Order may be deemed to prejudice the operation of any provision of the Ordinance providing for imposition of penalties in respect of any default, omission or violation of the Ordinance. |
| 1. Penalty Imposed
 | Nil |
| 1. Current Status of Order
 | No Appeal has been filed by the Respondents. |