



Corporate Supervision Department  
Company Law Division

Before Mr. Abid Hussain – Executive Director (CSD)

*In the matter of*

**Pakistan Engineering Company Limited**

Number and date of SCN: No. EMD/233/428/2002-1310-1318 dated April 17, 2012  
Date of hearing: July 12, 2012  
Present: Mr. Babar Hassan, Managing Director  
Pakistan Engineering Company Limited  
Mr. Mian Anwar Aziz, Chief Financial Officer  
Pakistan Engineering Company Limited

**ORDER**

**Under section 196 and 492 read with section 476 of the Companies Ordinance, 1984**

This order shall dispose of the proceedings initiated against the directors including the chief executive officer (*the "Respondents"*) of Pakistan Engineering Company Limited (*the "Company"*). The proceedings against the respondents were initiated through show cause notice dated April 17, 2012 (*the "SCN"*) under the provisions of section 196 and section 492 read with section 476 of the Companies Ordinance, 1984 (*the "Ordinance"*).

2. The brief facts of the case are that examination of the annual audited accounts of the Company for the year ended June 30, 2011 (*the "Accounts"*) revealed that an amount of Rs.10.616 million (2010:Rs.9.112 million) was utilized from the Worker's Profit Participation Fund for the welfare of "workers on contract" which appeared to be not in accordance with the Companies Profit Worker's Participation Fund Act, 1968 (*the "WPPF Act"*). M/s Fazal Mahmood & Co. (auditor of the Company) in its report to the members for the year ended June 30, 2011 expressed a qualification on the said matter. Consequently, the SCN was issued to the respondents under 196 and 472 of the Ordinance to show cause in writing as to why penalty may not be imposed upon them for contravening the provisions of law. The Company vide letter dated June 14, 2012 submitted a written reply stating that the Company has not violated any provision of law. The respondents in their written submissions and in the hearing held on July 12, 2012 had stated that SECP does not have any jurisdiction in the matter and the Federal Government solely has been empowered with authority to take up such matters related to WPPF Act.



# SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

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3. I have gone through the merits of the case and found that compliance with the laws related to WPPF Act is beyond the jurisdiction of the Commission and has to be decided by the appropriate forum. The matter is therefore, closed with no further action.

**Abid Hussain**  
Executive Director  
Corporate Supervision Department

**Announced:**  
May 25, 2018  
Islamabad