

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

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

Dates of Hearings

April 19, 2021, May 5, 2021

Order-Redacted Version

Order dated June 11, 2021 was passed by Director/Head of Department (Adjudication-I) in the matter of Pakistan Engineering Company Limited. Relevant details are given as hereunder:

Nature	Details
1. Date of Action	Show cause notice dated April 5, 2021
2. Name of Company	Pakistan Engineering Company Limited (the Company)
3. Name of Individual*	The proceedings were initiated against the Company and the directors of the Company and Company Secretary/ Chief Financial Officer of Pakistan Engineering Company Limited
4. Nature of Offence	Violation of under Sections 148 and 479 of the Companies Act, 2017 for non-compliances of directions given for holding of overdue annual general meetings.
5. Action Taken	<p>Key findings were reported in the following manner:</p> <p>I, have gone through the facts of the case, written replies submitted and verbal submissions made by the Respondents. The case is summarized in the following manner:</p> <ul style="list-style-type: none">(i) As per the available information, the Respondents have failed to comply with the Commission's directions under Section 147 of the Act, as given vide letters dated August 24, 2020 and October 26, 2020 to convene the overdue AGM for FY2019 and to lay therein the financial statements for the financial year ended on June 30, 2019. The Respondents have also failed to comply with the direction given under Section 147 of the Act, vide letter dated November 13, 2020 to convene the overdue AGM for FY2020 and lay therein the financial statements for the year ended on June 30, 2020. The aforesaid directions were issued without prejudice and any extension in time to hold the same does not necessarily means that non-compliance of the given direction was not committed.(ii) The Respondents failed to submit plan to hold the said overdue AGMs, which reflects their reluctance to comply with the said directions.(iii) The stances of the Respondents, highlighting their inability to convene and hold the said overdue AGMs do

	<p>not absolve them of their responsibilities of timely holding AGMs and lay therein the respective annual audited accounts.</p> <p>(iv) Holding of AGMs and laying audited annual accounts therein are statutory obligations. As per available information, no restraining order or other restriction in this regard was in place at the time of issuance of the aforesaid directions and neither the matter was confronted by the Respondents. Significant time has already been passed and the Respondents have failed to hold the said overdue AGMs for the FYs 2019 and 2020.</p> <p>(v) I, am of the considered view that arguments and submission made/ presented by the Respondents are irrelevant and do not merit consideration.</p> <p>(vi) The Respondents cannot absolve themselves from their statutory duties pertaining to holding of AGMs, preparation and filing of annual financial statements in a timely manner as specified in the Act.</p> <p>(vii) I, am also of the view that the grounds on the basis of which proceedings were initiated existed and no evidence of compliance of the given directions was submitted, attracting applicability of Section 148 of the Act.</p> <p>Keeping in view the above, it is stated that I have considered the written responses submitted and verbal submissions made by the Respondents, importance of timely convening AGMs and lay before the members the audited financial statements, the applicable legal provisions, and reluctance of the Respondents towards compliance with said directions, I am of the considered view that the Respondents have failed to discharge their duties, obligations and responsibilities to comply with the aforesaid requirements of the Act and the directions given under Section 147 thereof. I, therefore, in exercise of the powers conferred under Section 148 of the Act, hereby, impose penalty of Rs.500,000/- (Rupees five hundred thousand only) on the Company and Rs.500,000/- (Rupees five hundred thousand only) on ***CEO of the Company. I also hereby warn the Respondents to be careful and ensure compliance of law in letter and spirit, in future.</p> <p>Penalty order dated June 11, 2021 was passed by Director/HOD (Adjudication-I).</p>
6. Penalty Imposed	Penalties of Rs. 500,000/- (Rupees five hundred thousand only) on the Company and Rs. 500,000/- (Rupees five hundred thousand only) on ***CEO of the Company were imposed.
7. Current Status of Order	No appeal has been filed by the Respondents till date.