



Securities and Exchange Commission of Pakistan

BEFORE THE APPELLATE BENCH

In the matter of

Appeal No. 71 of 2023

Pakistan Engineering Company Limited

...Appellant

versus

Director/HOD, Adjudication Department-I, SECP

...Respondent

Date of hearing:

January 8, 2025

Present:

For the Appellant:

1. Mr. Muhammad Junaid A. Chauhan, Advocate High Court
2. Mian Anwar Aziz, Company Secretary, CFO

For the Respondent:

1. Mr. Sohail Qadri, HOD/Director, Adjudication-I, SECP
2. Mr. Rizwan-ul-Haq, Additional Joint Director, Adjudication-I, SECP

ORDER

1. This Order shall dispose of Appeal No. 71 of 2023 filed by Pakistan Engineering Company Limited (the Appellant) through Mr. Mian Anwar Aziz, Company Secretary/CFO (Authorized Representative) against the Order dated April 3, 2023 (Impugned Order) passed by the Director/HOD Adjudication-I (the Respondent) under section 132 of the Companies Act, 2017 (the Act).
2. The brief facts of the case are that the Appellant failed to hold its Annual General Meeting for the year ended June 30, 2022 (AGM) within the period specified under Section 132 of the Act. In view thereof, a show-cause notice dated January 11, 2023 (the SCN) was issued to the Appellant. A written reply to the SCN was received vide letter dated January 24, 2023 whereas, the Appellant also submitted additional submissions vide letter dated March 16, 2023. The final hearing in the



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matter was held on March 27, 2023. The Respondent concluded the SCN proceedings and imposed Rs. 150,000/-penalty on the Appellant.

3. The Appellant challenged the Impugned Order *inter alia* on the grounds that violation of Section 132 occurred due to the hostile attitude of the former Managing Director (MD) namely; Mr. Mairaj Anees Ariff, towards the Appellant's administration. The Appellant further contended that its Board was restricted to work and all the powers of the Board were usurped by Mr. Miraj Anees. The Appellant stated that since the appointment of Mr. Mohammad Hassan Iqbal as MD (September 16, 2022), it is committed to undoing the default in due course.
4. The Respondent rebutted the grounds of Appeal and stated that members' fundamental rights had been undermined due to the Appellant's failure to hold the AGM. The Respondent further stated that the Appellant had failed to substantiate the reason for non-compliance of Section 132 of the Act. The Respondent stated that the former MD was transferred on September 13, 2022 and since then the Appellant and its Board had complete control and considerable time to ensure that the AGM was held within the stipulated time, however, they failed to perform the required statutory and regulatory compliances in an efficacious manner.
5. The Appellate Bench (the Bench) has heard the parties and perused the record. The bench has noted that the Appellant had not convened the AGM within a period of one hundred and twenty days following the close of its financial year, therefore, violation of Section 132 is established. The Bench is of the view that a public listed company has a higher responsibility to disseminate a true and accurate state of affairs to all the stakeholders by holding the AGM within the stipulated time so that appropriate and timely decisions with respect to operations and investments are made. In our view, holding the AGM on time is not only a requirement of law but also ensures transparency and provides necessary information about the company's state of affairs to all stakeholders, however, the Appellant's failure to hold the AGM has defeated the purpose of the AGM.
6. The Bench has noted that the Appellant's new MD took charge on September 16, 2022, thereafter, the Appellant had ample time to prepare accounts, appoint the auditor and get the accounts audited to lay in the AGM, however, no such effort was done. The Bench has further noted that the Appellant vide notice dated January 27, 2025 addressed to the Pakistan Stock Exchange and advertisement published in

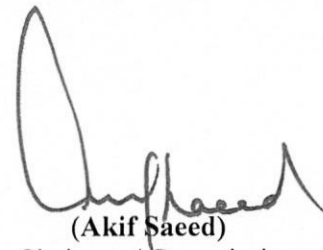


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Newspapers has revealed that the Appellant's 73rd AGM for the year ended June 30, 2022, is going to be held February 17, 2025. In view of the above notice and advertisement is established that the Appellant failed to convene the AGM within one hundred and twenty days from the close of its financial year, therefore, the Appellant cannot avoid penalty for violation of Section 132 of the Act.

7. In view of the foregoing, we find no reason to interfere with the merits of the Impugned Order, therefore, we hereby dismiss this Appeal without any order as to cost.


(Zeeshan Rehman Khattak)
Commissioner


(Akif Saeed)
Chairman/ Commissioner

Announced on:

27 FEB 2025