

Business & Human Rights

As the economy suffers, even profitable UAE companies leave employees in the lurch

Hundreds of Sobha Engineering and Contracting LLC employees owed months of unpaid dues are struggling for survival in the United Arab Emirates.

On June 5, 2020

As the Covid19 crisis wrecks Gulf economies, long-standing labour issues are further aggravated and affecting some of the biggest companies in the region. One such ongoing case involves several hundred employees, including construction workers and office staff, of UAE-based Sobha Engineering and Contracting LLC (SECL). SECL is a highly profitable company with several major projects including the Kempinski Business Bay Hotel (KBBH); two projects for Al Wasl group; Dubai Creek Harbour Development – The Cove on Plot 20 and Acacia for Emaar; and Rochester Institute of Technology – Dubai Silicon Oasis.

Growing unrest amongst workers in the UAE

As part of a broader trend in the UAE, hundreds of Nepali workers from AM Hertel oil and gas company in Abu Dhabi staged a strike due to two months non-payment in May 2020. According to the *Kathmandu Post*, most of the workers were confined to their accommodation for the last two months with no work and pay. The Business & Human Rights Resource Centre reached out to the company, which is a subsidiary of France-headquartered Altrad, but received no response.

In another ongoing case, which involved both recruitment fraud and labour violations, around 800 victims of the Seabird supermarket continue to be stranded without hope of redressal of their grievances.

Yet, according to the employees Migrant-Rights.org (MR) spoke to, SECL has stopped paying salaries even as projects were completed or underway. The company began delaying salaries from June 2018, paying only once every four to five months. MR reviewed documents and email exchanges detailing the staff's internal complaints with the company as well as official court cases. A few of the workers MR spoke to also confirmed that their wages were pending. Most of the employees are from India, and the Indian embassy had also contacted SECL's owners to no avail.

Documents for 124 of the close to 500 staff indicate that the company owes them a total of AED6,642,513 (a little over US\$1.8 million). This amount excludes salaries owed to the couple of hundred other staff, whose documents we were unable to review.

"As time passes, most of us are losing hope in the legal system and that justice will prevail. The process is lengthy, and you need money to hire lawyers and fight until the end, which many don't have."

"Employees, both those who have left and those who continue to work, are afraid to speak up, let alone file a complaint with MOHRE as they fear losing their hard-earned money. Those who decided to fight their cases in labour court have not been paid either," says LM*, one of the victims of non-payment.

SA, who has been with the company for six and a half years and has registered for repatriation through the Indian embassy said his ageing mother, wife and children were all dependent on him, and he could no longer continue living in the UAE without income. "But how can I leave without getting my money. I have sent several emails but they are avoiding me."

WA, who was terminated in March, has neither received the calculation of his final settlement or any part of his dues. "I live in a 'bedspace', and I can no longer pay the rent and face eviction."

LM adds, "As time passes, most of us are losing hope in the legal system and that justice will prevail. The process is lengthy, and you need money to hire lawyers and fight until the end, which many don't have. SECL is trying all it can to drag the court cases long enough so that we give up and leave. Getting paid for the work we did is our right, and we are suffering, But those who are denying our rights continue with their life without any hassle?"

Emails from staff to the company from as early as January 2019 register complaints of non-payments. In a letter dated 7 April 2019, Mace International, the project managers of SECL client KBBH, expressed concern over SECL finances in writing, requesting evidence of payments made and confirmation that finances were used only for the designated project.

MR conducted interviews with several employees, some of whom have worked in the company for over 10 years, and still continue to stay in the UAE in the hopes of collecting their dues. Others have already left the country in distress.

Several of those still in the country are stranded with their families, unable to pay back loans, credit card bills, school fees, and struggle to sustain themselves. According to one employee, many were gradually terminated or forced to resign.

The staff are owed an average of five months unpaid wages and the workers two months, in addition to any end of service benefits that may have accrued. Many of their visas have also expired, putting them in a precarious position.

Complaints have been filed with MOHRE, and have gone to court. There are 10 cases with either an initial or final verdict in favour of the complainants, some of which are in the appeals process. One of the cases is under the execution notice period and awaiting payment as per the court order.

About SECL

SECL's [Linkedin page](#) still refers to being part of the Sobha Group. Some excerpts from their profile:

Sobha Group, UAE: Sobha Group started its operations in the UAE in 1991. interior and trading business was set up in 1992 and Sobha Engineering and Contracting LLC (SECL) was established in 2003.

SECL has been licensed for the construction of 'Unlimited' height projects Dubai and is accredited with ISO 9001:2008, ISO 14001:2004 & OHSAS 18001:2007. SECL has completed over 100 projects including residential and commercial high rise buildings, industrial projects and an extensive range of villas for reputed clients. This includes Government and Semi-Government authorities, the Meydan Group, as well as projects for real estate developer including Al Fattan Group, Emaar, Meydan, Meydan Sobha, Manipal Group, Gold Vision, Qatar Steel Company, Fatima International, Prescott Investments and Parmanand Jethanand Group, Wasl Properties. Sobha also had completed and handed over three projects in Business Bay and one in Jumeirah Village South for the Groups in-house real estate projects.

Sobha group and SECL: What's in a name?

SECL was established in 2003 as part of the Sobha Group, owned and managed by Indian-origin [Omani billionaire PNC Menon](#). (See sidebar for the company's LinkedIn profile accessed on 4 June 2020).

When MR contacted the offices of PNC Menon, the reply from his office stated:

"Please be informed that Mr PNC Menon is not involved in the management of Sobha Engineering & Contracting LLC ("SECL") and does not exert any management control over that company. Kindly note that aside from the common name "Sobha", SECL is a distinct legal entity which is managed and operated independently of Sobha LLC, [since 2017] and is not part of the SOBHA Group. [The management of SECL has been directed to remove the name "Sobha" from its company name to avoid causing confusion in the minds of the general public]. We would request you to kindly contact Mr. Ajay Rajendran for further clarification in this regard.

Hence, we would advise you to exercise caution and also request that any reference to Mr. PNC Menon, Sobha LLC or SOBHA Group is excluded from any publication/report that you may intend to make."

Ajay Rajendran, chairman of SECL, reiterated this claim in a call with MR.

"Some clients would rather receive assets after this crisis. All this has made it more difficult. This is primarily a business issue, everything that is possible to be done, we are doing."

Yet, the two companies seem to be still linked. Details of one of the projects awarded in July 2017 are as follows:

Arjan Residential Development

Developer: Meraki Real Estate Development

Engineer: PNC Architect (A subsidiary of the Sobha Group)

Project Consultant: Al Wasl Al Jadeed LLC

Contractor: Sobha Engineering & Contracting LLC

MEP Contractor: Sobha Electro Mechanical Works LLC (part of Sobha Group)

Furthermore, as recently as August 2017, Sobha group management signatures can be found on several official SECL documents and SECL continues to use the Sobha logo. Rajendran said the company was in the process of rebranding when the pandemic hit the Emirates and slowed down operations. There are no trade or media announcements regarding the split in ownership.

Rajendran, speaking to MR, denied that any workers were severely affected and that it would not be possible to leave workers without wages for so long without strict action from the police and authorities.

He acknowledged that staff salaries were pending as clients have stopped paying, even though they had received the completed property and started using it. He refused to name the clients who did not pay, saying negotiations were still ongoing to ensure amicable settlement and full payment to all employees.

“We had a plan of recovering dues, but the Covid19 crisis was extremely catastrophic for our line of business. Some clients have stopped work altogether. Some clients would rather receive assets after this crisis. All this has made it more difficult. This is primarily a business issue, everything that is possible to be done, we are doing. We are confident to generate enough surpluses to settle this.”

When asked about the employees with families in the UAE who have not been paid for several months and are struggling to make ends meet, he insisted that any emergency requests were being met. But no employees MR spoke to confirmed this support –instead they furnished proof of repeated emails which have gone unanswered.

Rajendran also said there were projects still ongoing, and that about 800-900 workers are working and being paid. He also noted that about 30-50 workers who were unable to return home due to Covid19 travel restrictions are currently accommodated in the camps.

The chairman did not offer a timeline within which all employee dues could be cleared.

The UAE was one of the first GCC states to announce measures to protect private sector against the Covid19 fallout. These measures favoured employees by essentially permitting unilateral changes to contracts.

The UAE Government should ensure that these reforms are not further misused by companies with labour issues predating the pandemic.

In a previous report, MR also highlighted the many ways in which the country's most vulnerable migrant workers are affected.

The SECL issue also reflects an oft-repeated scenario where ‘office staff’ or the non-blue-collar workers, are often the last to be paid, if at all. The impact on them is devastating, as defaulting on loans or credit cards could mean a lifelong struggle to clear financial dues in the Gulf. Workers are generally not allowed to exit the country if they have any unresolved debt cases against them.

In 'Debt Panel', a weekly column in The National newspaper, [lawyer Rima Mrad responded](#) to a reader who was in financial trouble and unable to repay his debts. “From a legal perspective, you have limited recourses to address the cases and legal challenges you are facing without having a secure source of income. At this stage, you just need to get yourself into a position where you can comply with the law.”

These limited options apply to all migrant workers who have either been terminated without financial settlement or continue to work without pay. Workers who [become stranded in a country](#) where laws favour businesses and individuals are often left at the mercy of the employer.

*Names of those interviewed have been changed for their security.

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