



Corporate Supervision Department  
Company Law Division

Before Amina Aziz – Director

*In the matter of*

**Dar Es Salaam Textile Mills Limited**

Number and date of notice: CSD/ARN/234/2015-2204-2210 dated December 23, 2015  
Date of hearing: May 4, 2016  
Present: Ms. Abida Mukhtar- Director

**ORDER**

**UNDER SECTION 227 READ WITH SECTION 229 AND SECTION 476 OF THE COMPANIES  
ORDINANCE, 1984**

This order shall dispose of the proceedings initiated against the following directors including the Chief Executive (the "respondents") of Dar Es Salaam Textile Mills Limited (the "Company):

1. Mr. Faisal Mukhtar
2. Mrs. Nilofar Mukhtar
3. Mrs. Mahwesh Faisal Mukhtar
4. Miss Abida Mukhtar
5. Mr. Pervez Ashraf
6. Mr. Irfan Nasr
7. Mr. Ejaz Akbar Khan

These proceedings were initiated through show cause notice ("SCN") dated December 23, 2015 under the provisions of section 227 read with section 229 and section 476 of the Companies Ordinance 1984 (the "Ordinance").

2. The brief facts of the case are that it has been noticed from the examination of annual accounts of Dar Es Salaam Textile Mills Limited (the "Company") for the year ended June 30, 2014 that Rs. 2.340 million (2013; Rs. 0.660million) was payable by the Company to the employees provident fund trust . The Company in reply to Commission's letter stated that the provident fund was related to very few of the employees who have resigned from the Company and their dues including provident fund was cleared in the subsequent period.

3. The Company, *prima facie*, failed to ensure timely payment of contribution of the fund as required by the Section 227 of the Ordinance. Consequently, the SCN was issued to the respondents requiring them to show cause in writing as to why penal action may not be taken against them in terms of section 229 of the Ordinance. The respondent failed to reply the SCN.



# SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Corporate Supervision Department  
Company Law Division

Continuation Sheet - 1 -

4. In order to provide opportunity of personal hearing; the case was fixed before the undersigned on May 4, 2016. Ms. Abida Mukhtar on behalf of respondents appeared and submitted that provident fund was related to 6 employees, who subsequently resigned and all payments were made to them according to law. The representative was asked to provide certificate from auditor regarding closure of provident fund trust account. The Company vide letter dated May 11, 2016 submitted certificate from auditor Abdul Waheed & Co. Chartered Accountants according to which the accounts of trust were closed on September 30, 2014, balances dues to the members of provident fund trust have been paid and there was no outstanding balance payable to the members after that date.

5. Before proceeding further, it is necessary to advert to the following relevant provisions of Ordinance:

**Section 227** of the Ordinance, inter alia, provides as under:

**Sub-section (2):** *Where a provident fund has been constituted by a company for its employees or any class of its employees, all moneys contributed to such fund, whether by the company or by the employees, or received or accruing by way of interest, profit or otherwise from the date of contribution, receipt or accrual, as the case may be, shall either—*

(a) *be deposited—*

- (i) *in a National Savings Scheme;*
- (ii) *in a special account to be opened by the company for the purpose in a scheduled bank; or*
- (iii) *where the company itself is a scheduled bank, in a special account to be opened by the company for the purpose either in itself or in any other scheduled bank; or*

(b) *be invested in Government securities; or*

(c) *in bonds, redeemable capital, debt securities or instruments issued by the Pakistan Water and Power Development Authority and in listed securities subject to the conditions as may be prescribed by the Commission.*

**Sub-section (3):** *where a trust has been created by a company with respect to any provident fund referred to in sub-section (2), the company shall be bound to collect the contributions of the employees concerned and pay such contributions as well as its own contributions, if any, to the trustees within fifteen days from the date of collection, and thereupon, the obligations laid on the company by that sub-section shall devolve on the trustees and shall be discharged by them instead of the company.*

**Section 229** of the Ordinance provides that *whoever contravenes or authorises or permits the contravention of any of the provisions of section 226 or section 227 or section 228 shall be punished with a*

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# SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Corporate Supervision Department  
Company Law Division

Continuation Sheet - 2 -

*fine which may extend to five thousand rupees and shall also be liable to pay the loss suffered by the depositor of security or the employee on account of such contravention.*

In terms of the Commission's notification SRO 1003 (I)/2015 dated October 15, 2015, the powers to adjudicate cases under section 229 of the Ordinance have been delegated to the Director (Corporate Supervision Department).

6. I have analyzed the facts of the case, relevant provisions of the Ordinance, and submissions made by the respondents and certificate from the auditors according to which the accounts of trust were closed on September 30, 2014, balances dues to the members of provident fund trust have been paid and there was no outstanding balance payable to the members after that date. Therefore, I hereby conclude the proceedings under Section 227 of the Ordinance against the respondents without any adverse order.

**Amina Aziz**  
Director

**Announced:**  
June 14, 2016  
Islamabad