



Corporate Supervision Department  
Company Law Division

Before Amina Aziz – Director

*In the matter of*

**VPL Limited**

Number and date of notice: EMD/242/L/90/10/909 dated January 7, 2015  
Date of hearing: December 7, 2015  
Present: Mr. Imran Alam - Authorized Representative

**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 VPL Limited (the "Company"):

1. Mr. Waqar Asghar
2. Syed Konez Mohiuddin
3. Syed Zia Mohiuddin
4. Mr. Khalid Kaleem Chaudhry
5. Syed Moaz Mohiuddin
6. Mrs. Sarwat Mohiuddin
7. Mr. Iftikhar A. Chuadhry
8. Mr. Zibber Mohiuddin

These proceedings were initiated through show cause notice ("SCN") dated January 7, 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 examination of the annual audited accounts of the Company for the year ended December 31, 2012 and 2013 ("Accounts"), revealed that the Company operates a recognized provident fund scheme ("Fund") for all of its permanent employees and during the year Rs. 2,474,904 (2012; Rs. 3,665,637) has been charged as provident fund expense.

3. In response to Commission letter dated November 12, 2014 the Company vide letter dated December 20, 2014 submitted the certified of ledger accounts, bank account statement of provident fund trust and audited accounts of the provident fund trust for the years ended December 31, 2011 and 2012. The analysis of ledger accounts and bank account statement shows that the Company has utilized the money of the provident fund trust in its operations, prima facie, non-compliance with the requirements of Section 227 of the Ordinance. Consequently, the SCN was issued to the



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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.

4. The Company failed to respond to SCN. In order to provide opportunity of personal hearing; the case was fixed before the undersigned on December 7, 2015. Mr. Imran Alam, Authorized Representative on behalf of respondents appeared and submitted that in financial year 2012 money of fund was utilized for the payment of salary but now funds are kept in a separate bank account and further investment in the shape of defense saving certificates has been made. The authorized representative was asked to provide evidence of subsequent compliance of Section 227 of the Ordinance. The Company vide letter dated December 14, 2015 provided original bank statement of the fund as on June 30, 2015 showing a closing balance of Rs. 23 million and photocopies of certificates worth Rs. 20 million in the name of the fund.

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.*

**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 fine which may extend to five thousand rupees and shall also be liable to pay the loss suffered by the*

7th Floor, NIC Building, 63-Jinnah Avenue  
Islamabad, Pakistan

PABX: + 92-51-9207091-4, Fax: +92-51-9100454, 9100471, Email: [webmaster@secp.gov.pk](mailto:webmaster@secp.gov.pk), Website: [www.secp.gov.pk](http://www.secp.gov.pk)



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*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. Having gone through the facts of the case, provisions of the law and submissions of the respondents, I have concluded that the provisions of section 227 of the Ordinance have been violated as the Company has utilized the amounts of Fund in financial year 2012 and 2013. However, keeping in view the subsequently compliance of Section 227 of the Ordinance by the Company, I hereby conclude the case with a warning to the respondents to ensure future compliance of applicable legal provisions.

**Amina Aziz**

Director

Corporate Supervision Department

**Announced:**

December 18, 2015

Islamabad