



Corporate Supervision Department  
Company Law Division

Before Amina Aziz – Director

*In the matter of*

**Metal Formings (Pvt.) Limited**

Number and date of notice: CSD/ARN/257/2016-2879-81 dated January 26, 2016  
Date of hearing: March 29, 2016  
Present: Mr. Muhammad Shafiq ur Rafiq- 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 Metal Formings (Pvt.) Limited (the “Company”):

1. Mr. Moulodd Ahmed Shahid
2. Mr. Imran Karim
3. Mrs. Nasreen Arshad

These proceedings were initiated through show cause notice (“SCN”) dated January 26, 2016 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 review of annual audited financial statements for the year ended on June 30, 2014 (“Accounts”) of Metal Formings (Private) Limited (“Company”) filed with the registrar of companies pursuant to the provision of Section 242 of the Ordinance, revealed that an amount of Rs. 5.797 million (2013; Rs. 4.965 million) is payable on account of “provident fund”.

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.

4. The respondents replied vide letter dated February 1, 2016 and submitted that the Company has opened a separate account for this purpose in Habib Metropolitan Bank Limited, Ferozpur Road, Lahore which has been included in bank balances of the Company.



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5. In order to provide opportunity of personal hearing; the case was fixed before the undersigned on March 29, 2016. Mr. Muhammad Shafiq ur Rafiq, Authorized Representative on behalf of respondents appeared and submitted that they are compliant of Section 227 of the Ordinance and submitted documentary evidence of utilization of provident fund money as follows;

Liabilities as shown in balance sheet as on June 30, 2014	Rs. 5,797,170
Fixed deposit in HMBL Izafa Certificates	Rs. 3,000,000
Loan to staff members Provident fund	Rs. 436,617
Bank Balance (PF Account)	Rs. 2,362,553

6. 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 depositor of security or the employee on account of such contravention.*

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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).

7. I have analyzed the facts of the case, relevant provisions of the Ordinance, and submissions made by the respondents. Based on documents submitted by the Company it is established that the Company has complied with the requirements of Section 227 of the Ordinance, I hereby conclude the proceedings against the respondents without any adverse order.



**Amina Aziz**  
Director

**Announced:**  
April 27, 2016  
Islamabad