



# SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

## Adjudication Department-I

### Adjudication Division

Before

Shahzad Afzal Khan - Director/Head of Department  
Adjudication Department-I

*In the matter of*

**Blue-Ex Limited (formerly Universal Network Systems Limited)**

Show Cause Notice No. & Date: Adj-I/ARN/55/2024-330 dated June 13, 2024

Date of hearing: August 21, 2024

Hearing attended by: Mr. Najeeb Moochahala

### ORDER

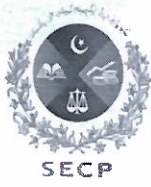
#### Under Section 218 of the Companies Act, 2017 read with Section 219 thereof

This Order shall dispose of the proceedings initiated through Show Cause Notice No. Adj-I/ARN/55/2024-330 dated June 13, 2024 (the SCN) issued under Section 218 of the Companies Act, 2017 (the Act) read with Section 219 thereof against the Directors of Blue-Ex Limited (the Company).

2. Review of the financial statements of the Company for the year ended June 30, 2023 (the Accounts) revealed that the Company has maintained a provident fund trust. The Company was required to furnish details regarding provident fund contributions, vide the Securities and Exchange Commission of Pakistan's (the Commission) letter dated November 27, 2023 to which the Company responded vide letter dated December 8, 2023. Subsequently, additional information, including copies of bank statements reflecting transfers to the Employees' Provident Fund/Trust and names of the trustees were sought from the Company vide letter dated December 18, 2023. The Company provided the necessary information via letter dated December 26, 2023.

3. The following information provided highlights that the Company has failed to pay contributions collected from the employees combined with its own contribution to the trustees of the Fund, timely, contrary to the requirement of Section 218(3) of the Companies Act, 2017 (the Act):

Month	Employee PF Contribution deduction Date	Date of deposit of contribution in bank account	Difference (Days)	Delay in Days
Jul-22	10-Aug-22	26-Aug-22	16	1
Aug-22	09-Sep-22	25-Oct-22	46	31
Oct-22	10-Nov-22	09-Dec-22	29	14
Nov-22	09-Dec-22	28-Dec-22	19	4
	09-Dec-22	30-Dec-22	21	6



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Dec-22	13-Jan-23	31-Jan-23	18	3
Jan-23	10-Feb-23	01-Mar-23	19	4
	10-Feb-23	08-Mar-23	26	11
Mar-23	08-Apr-23	11-May-23	33	18
	08-Apr-23	16-May-23	38	23
Apr-23	10-May-23	31-May-23	21	6
	10-May-23	05-Jun-23	26	11
May-23	09-Jun-23	26-Jun-23	17	2
	09-Jun-23	06-Jul-23	27	12
Jun-23	10-Jul-23	01-Aug-23	22	7
	10-Jul-23	04-Aug-23	25	10

4. The information shared by the Company regarding monthly payments revealed that *prima facie*, the Company failed to transfer contributions to the provident fund within the prescribed time, contrary to the requirements of Section 218 of the Act which attracts penal provision provided in Section 219 of the Act. Therefore, taking cognizance of the alleged non-compliance proceedings were initiated against the Directors through serving the SCN requiring to show cause in writing within ten (10) days, as to why penalty, as provided, should not be imposed.

5. Although no reply to the SCN was received, to provide an opportunity of personal representation, hearing in the matter was fixed for August 21, 2024, attended by Mr. Najeeb Moochhala, as the Authorized Representative of the Respondents (**the Representative**). The Representative submitted that the Company has transitioned from a private to public listed company and therefore the management has taken steps to make compliance to the highlighted non-compliance. The Representative further requested for a lenient view with the assurance for future compliance.

6. Before proceeding further, it is necessary to refer to relevant legal provisions, which are reproduced as under:

**Section 218 of the Act provides that:**

*(3) Where a trust has been created by a company with respect to any provident fund or a contributory pension fund or any contributory retirement fund referred to in sub-section (2), the company shall be bound to collect the contribution 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 subsection shall devolve on the trustees and shall be discharged by them instead of the company.*

**Section 219 of the Act provides that:**

*219. Any contravention or default in complying with requirements of sections 217 or 218 shall be an offence liable to a penalty of level 1 on the standard scale and shall also be liable to pay the loss suffered by the depositor of security or the employee, on account of such contravention.*

7. I have reviewed the submissions made during the hearing as well as issues highlighted in the SCN. In this connection, I am of the view that scheme of law stipulated in Section 218 of the Act requires that where a trust has been created, the company shall be bound to collect the



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contribution of the employees and pay to the trustees within fifteen days from the date of collection. In the instant matter, the Company had failed to transfer the contributions within the prescribed time. The Representative submitted that due to the transition phase of the Company, the management made the payments with delays.

8. Keeping in view the facts that due to significant delays of up-to thirty-one (31) days the Respondents have contravened the provisions of Section 218 of the Act and, therefore, are liable to be penalized under Section 219 of the Act. I, therefore, in exercise of powers conferred in terms of Section 219 of the Act, hereby, impose an aggregate penalty of **Rs 40,000 (Forty Thousand Only)** on the Respondents in the following manner:

Sr. #	Name of Respondents	Penalty (Rs.)
1.	Mr. Arif Elahi	5,000
2.	Mr. Imran Baxamoosa	5,000
3	Mr. Danish Elahi	5,000
4	Mrs. Safina Danish Elahi	5,000
5	Mufti Muhammad Najeeb Khan	5,000
6	Mr. Ali Aamer Baxamoosa	5,000
7	Mrs. Nadine Malik Almani	5,000
8	Mrs. Naveen Ahmed	5,000
	<b>Total:</b>	<b>40,000</b>

9. The Respondents are, hereby, directed to deposit the aforesaid amount of penalty in the designated bank account maintained in the name of the Securities and Exchange Commission of Pakistan with MCB Bank Limited or United Bank Limited within thirty (30) days from the date of this Order and to furnish a receipted bank challan to the Commission forthwith. In case of failure to deposit the penalty, the proceedings under Section 485 of the Act will be initiated for recovery of the fines as arrears of land revenue.

10. Nothing in this Order may be deemed to prejudice the operation of any provision of the Act providing for imposition of penalties on the Respondents in respect of any default, omission or violation of the Act.

**Shahzad Afzal Khan**  
Head of Department  
Adjudication Department-I

**Announced:**

Dated: October 2, 2024  
**Islamabad**

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