



Corporate Supervision Department
Company Law Division

Before Mr. Abid Hussain– Executive Director

In the matter of

Mandviwalla Mauser Plastic Industries Limited

Number and date of SCN: No. CSD/ARN/130/2015-2865-71 dated February 24, 2017

Date of hearing: March 15, 2017, March 31, 2017, April 19, 2017, May 02, 2017,
June 7, 2017, November 30, 2017, December 21, 2017,
February 1, 2018 & March 26, 2018

Present: Mr. Azeem H. Mandviwalla , Chief Executive, Mandviwalla
Mausers Plastic Industries Limited
Mr. Abdur Rehman, Senior Accounts Executive, Mandviwalla
Mausers Plastic Industries Limited
Ms. Hina Ambreen, Company Secretary, Mandviwalla Mausers
Plastic Industries Limited
(Authorized Representatives)

ORDER

**UNDER SECTIONS 158 AND 245 READ WITH SECTION 476 OF
THE COMPANIES ORDINANCE, 1984**

This order shall dispose of the proceedings initiated against the following directors including the chief executive officer (*the "Respondents"*) of Mandviwalla Mauser Plastic Industries Limited (*the "Company"*):

- | | | | |
|---|-----------------------------|---|---------------------------|
| 1 | Mr. Azeem H. Mandviwalla | 5 | Mr. Masih-ul-Hasan |
| 2 | Mr. Tariq Mehmood | 6 | Mr. Nadeem H. Mandviwalla |
| 3 | Mr. Abdul Qadir Shiwani | 7 | Syed Asghar Ali |
| 4 | Mrs. Shireen H. Mandviwalla | | |

The proceedings against the respondents were initiated through show cause notice dated February 24, 2017 (*the "SCN"*) under the provisions of sections 158 and 245 read with section 476 of the Companies Ordinance, 1984 (*the "Ordinance"*).

Corporate Supervision Department
Company Law Division

2. The brief facts of the case are that the Company was required to hold its annual general meeting (*the "AGM"*) for the year ended June 30, 2016 on or before October 31, 2016 in terms of sub-section (1) of section 158 of the Ordinance. However, review of record revealed that the Company failed to convene the AGM as per requirement of the law. Furthermore, the Company did not file the quarterly accounts for the quarter ended on September 30, 2016 with the Commission in a timely manner as against requirements of section 245 of the Ordinance. Consequently, the SCN dated February 24, 2017 was issued to the respondents wherein they were called upon to show cause in writing within fourteen days as to why penal action may not be taken against them under section 158 and section 245 of the Ordinance for non-holding of AGM and for non-filing of the aforesaid quarterly accounts respectively.

3. Hearing in the matter was fixed for March 15, 2017 which was adjourned on the Company's request and the matter was re-fixed for hearing on March 31, 2017 wherein Mr. Abdur Rehman, senior accounts officer appeared as the authorized representative of the Company. He stated that the audit of the Company has been delayed due to the appointment of new auditors since the previous ones had resigned therefore the accounts could not be filed on time nor the AGM could be held. The authorized representative requested for fifteen days adjournment which was allowed.

4. The hearing in the matter was fixed again for April 19, 2017 and May 02, 2017 which were adjourned on the company's request. The hearing was held again on June 7, 2017 wherein Mr. Azeem H. Mandviwalla, the Chief Executive of the Company and Ms. Hina Ambreen, the Company Secretary appeared as authorized representatives on behalf of the Company. They stated that the Company operation are closed and has been in crisis for some time. It has issues with the Industrial Development Bank of Pakistan where the Company's outstanding amount of about Rs.50 million is unsettled. The directors are personally bearing the expenses of the Company however; the assets are intact and being looked after. The authorized representatives further submitted that the Company plans to hold the AGMs for the years 2016 & 2017 together in September 2017. The Company was advised to submit proofs of the holding of AGMs. The hearings were fixed for November 30, 2017, December 21, 2017 and February 1, 2018 however these were adjourned. The final hearing in the matter was held on March 26, 2018 wherein the authorized representatives again appeared on behalf of the Company. The authorized representatives informed that the Company will be holding its over-due AGM in May 2018 and also submitted the annual accounts for





Corporate Supervision Department
Company Law Division

the year ended June 30, 2016 & June 30, 2017. They further submitted that the quarterly accounts have also been prepared and will be submitted soon.

5. The accounts for the quarter ended September 30, 2016 were received by the Commission vide letter dated April 18, 2018. The Company also apprised the Commission vide letter dated April 13, 2018 that the over-due AGMs for the year ended June 30, 2016 and June 30, 2017 will be held together on May 4, 2018. The Company submitted copies of the notices of the AGMs published in the newspapers in this regard. These notices were also available on the website of Pakistan Stock Exchange.

6. Before proceeding further, it is necessary to advert to the following relevant provisions of the Ordinance. Sub-section (1) of section 158 of the Ordinance, *inter alia*, provides as under:

Every company shall hold, in addition to any other meeting, a general meeting, as its annual general meeting, within eighteen months from the date of its incorporation and thereafter once at least in every calendar year within a period of four months following the close of its financial year and not more than fifteen months after the holding of its last preceding annual general meeting:

Sub-section (4) of section 158, *inter alia*, provides as under:

If default is made in complying with any provision of this section, the company and every officer of the company who is knowingly and willfully a party to the default shall be liable,-

(a) if the default relates to a listed company, to a fine not less than fifty thousand rupees and not exceeding five hundred thousand rupees and to a further fine not exceeding two thousand rupees for every day after the first during which the default continues;

7. In terms of Sub-section (1) of Section 245 of the Ordinance read with Commission's Circular No. 9 dated March 19, 2003, all listed companies are, *inter alia*, required to file their quarterly accounts with the Commission within stipulated time i.e. one month from the close of first and third quarters and two months from the close of second quarter.

Sub-section (3) of section 245, *inter alia*, provides as under:

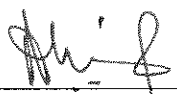
(3) If a company fails to comply with any of the requirements of this section, every director, including chief executive and chief accountant of the company who has knowingly by his act or omission been the cause of such default shall be liable to a fine of not exceeding one hundred thousand rupees and to a further fine of one thousand rupees for every day during which the default continues.

Corporate Supervision Department
Company Law Division

In terms of the Commission's notification SRO 751(I)/2017 dated August 2, 2017, the powers to adjudicate cases under sections 158 and 245 have been delegated to the Executive Director (Corporate Supervision Department).

8. I have analyzed the facts of the case, relevant provisions of the Ordinance, and facts available on record. The aforesaid provisions of the law are clear and explicit. A company is required to hold its AGM within four month from the close of its financial year provided that the Commission may extend the time for thirty days based on application by the company. Holding of AGM is a very important statutory event and provides an opportunity to the shareholders, including those in minority, to participate in discussion and voting on agenda items of the AGM. Quarterly accounts prepared properly and in a timely manner not only provide to its users a reliable source of information regarding a company's financial position and performance but these also show the results of management's stewardship of resources entrusted to it. In order to ensure transparency, all the companies must meticulously follow the legal requirement for preparing and circulation of quarterly accounts.

9. Keeping in view the above facts, I have observed that the Company has taken the corrective measures and submitted the quarterly accounts and is holding the AGMs for the years ended June 30, 2016 and June 30, 2017 together on May 4, 2018. The respondents have made a firm commitment to timely comply with the mandatory statutory requirements in future I, therefore, while taking a lenient view, hereby conclude the proceedings with a warning to the respondents for strict compliance of law in future.



ABID HUSSAIN
Executive Director
Corporate Supervision Department

Announced:
May 3, 2018
Islamabad