



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Company Law Division
(Enforcement Department)

Before Dr. Sajid Qureshi, Executive Director (Company Law Division)

In the matter of

M/s. Mandviwalla Mauser Plastic Industries Limited

(Under Sub-section (3) of Section 245 of the Companies Ordinance, 1984)

No. and date of show cause notices	EMD/Enf-II/602/2004 Dated January 20, 2006, May 05, 2006 & May 16, 2006.
Date of hearing	July 11, 2006
Present	Mr. Saquib Ali, Chief Accountant
Date of Order	August 22, 2006

Order

This Order shall dispose of the proceedings initiated against the directors of M/s. Mandviwalla Mauser Plastic Industries Limited (hereinafter referred to as the "Company") for default made in complying with the provisions of Sub-section (1) of Section 245 of the Companies Ordinance, 1984 (the "Ordinance").

2. The facts leading to this case, briefly stated, are that in terms of the provisions of Section 245 of the Ordinance, the Company was required to prepare and transmit to the members and simultaneously file with the Registrar and the Commission its quarterly accounts for the 1st quarter ended September 30, 2005, 2nd quarter ended December 31, 2005 and 3rd quarter ended March 31, 2006 by October 31, 2005, February 28, 2006 and April 30, 2006 respectively. Failure of the Company to comply with the aforesaid mandatory requirements within the prescribed time necessitated action against the responsible directors of the Company in terms of Sub-section (3) of Section 245 of the Ordinance. Consequently, show cause notices dated January 20, 2006, May 05, 2006 and May 16, 2006 were served upon all the directors including the Chief Executive of the Company calling upon them to show cause as to why penalties as provided under Sub-section (3) of Section 245 read with Section 476 of the Ordinance may not be imposed on them for the aforesaid contravention.

3. In response to the show cause notice dated January 20, 2006, the directors of the Company furnished explanation vide their letters dated February 01, 2006 which were examined but not found satisfactory. In order to afford an opportunity of personal hearing, the matter was fixed for March 13,



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2006. In reply the Chief Executive of the Company requested to fix hearing at Karachi. The matter was, therefore, fixed at Karachi on April 13, 2006 which was adjourned to April 20, 2006. The Company again requested for adjournment. Hearing was finally fixed for April 27, 2006 at Karachi. Again nobody appeared to attend hearing instead, the Company again requested to adjourn the hearing till May 05, 2006. No further hearing was allowed as the directors had already been provided ample opportunities of hearings which they failed to avail.

4. As regards show cause notices dated May 05, 2006 and May 16, 2006, the Company failed to furnish any explanation to the same. To facilitate the directors, matter was fixed for hearing at Karachi on July 11, 2006. Again no one appeared for hearing. However, the Company Secretary requested vide letter dated July 06, 2006 to consider revision of the hearing date. In view of the past practice of the directors regarding attending of hearings, the request was rejected and the directors were advised to appear for hearing on July 11, 2006 already fixed for hearing.

5. On the date of hearing Mr. Saquib Ali, Chief Accountant of the Company appeared before me on behalf of the directors to argue the case. During the course of hearing, while admitting the defaults, Mr. Saquib contended that the Company is lying closed and all the capable persons have left the job. He further stated that there is no person available to prepare the accounts. It was added that the accounts are now ready and will be filed soon. The explanation furnished was not found cogent because the Company has failed to file the accounts even after issuance of show cause notices dated May 05, 2006 and May 16, 2006. The representative of the directors was, therefore, advised to file the requisite accounts within 15 days along with under-taking from the directors to ensure timely compliance in future. The directors of the Company have, however, neither filed the quarterly accounts for the quarters ended December 31, 2005 and March 31, 2006 till date nor furnished under taking to ensure future compliance. Instead, the chief accountant has again requested vide his letter dated July 27, 2006, to allow them further time of 15 to 21 days for submission of the aforesaid accounts to the Commission.

6. I have given due consideration to the arguments advanced by the directors and their representative verbally as well as in writing for failure to file the quarterly accounts within the mandatory time period but none of them justify the defaults. The management of the Company should have made necessary arrangements to provide financial information in time to the shareholders and file the same with the Registrar and the Commission. However, as stated by the chief accountant in his letter dated July 27, 2006, the quarterly accounts have not been finalized till date. Filing of



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quarterly accounts is mandatory requirement of law. It is, therefore, the duty of the directors to ensure compliance with all the statutory requirements within prescribed time. However, the directors have shown negligence in complying with the requirement of law. A perusal of the record reveals that in the past also, the management had committed defaults by late filing of annual, half yearly and quarterly accounts but the delay was often ignored by the Commission. The repetition of default shows that the management of the Company does not take the provisions of law seriously. Accordingly, the default under Section 245 of the Ordinance is established, which attracts the penal provisions of sub section (3) of Section 245 of the Ordinance.

7. However, instead of imposing the maximum fine of Rs.100,000 on every director and a further fine of Rs.1,000 per day for the continuous default, I impose the following penalties on the Chief Executive and each director of the Company under Sub-section (3) of Section 245 of the Ordinance:-

S. No	Name	Penalty (Rs.)
1.	Mr. Saleem H. Mandviwalla, Chief Executive	30,000
2.	Mrs. Shireen H. Mandviwalla, Director	30,000
3.	Mr. Nadeem H. Mandviwalla, Director	30,000
4.	Mr. Azeem H. Mandviwalla, Director	30,000
5.	Mr. Kalbe Abbas Dharamsey, Director	30,000
6.	Capt. Mohammad Aijaz Haroon, Director	30,000
7.	Mr. Rehmat Karim Fazli, Director	30,000
	Total	210,000

8. The Chief Executive and directors of M/s. Mandviwalla MauserPlastic Industries Limited are hereby directed to deposit the aforesaid fines aggregating to Rs.210,000/- (Rupees two hundred ten thousand only) in the designated bank account maintained in the name of Securities and Exchange Commission of Pakistan with Habib Bank Limited within thirty days from the receipt of this Order and furnish receipted vouchers or pay by a DD/pay order issued in the name of Commission for information and record, failing which proceedings under the Land Revenue Act,1967 will be initiated which may result in the attachment and sale of movable and immovable property. It may also be noted that the said penalties are imposed on the Chief Executive and other directors in their personal capacity who are required to pay the said amount from their personal resources.



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Dr. Sajid Qureshi

Executive Director (CLD)



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